

**VIETNAM SUSTAINABLE AGRICULTURE  
TRANSFORMATION PROJECT**

**Financing Agreement –  
Credit number Cr. 5704-VN**

**THE WHOLE PROJECT**

**AUDITED FINANCIAL STATEMENTS  
AND MANAGEMENT LETTER**

**For the period from 09 July 2015 (the Project  
beginning date) to 31 December 2016**

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**PART I**  
**FINANCIAL STATEMENTS**

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## **STATEMENT OF THE PROJECT MANAGEMENT UNIT**

The Project Management Unit of the Vietnam Sustainable Agriculture Transformation Project (the "Project Management Unit") presents this report together with the financial statements of the Vietnam Sustainable Agriculture Transformation Project (the "Project") for the period from 09 July 2015 (the Project beginning date) to 31 December 2016.

### **The Project Management Unit**

The members of the Project Management Unit including the Project Management Unit of Non-credit Line and the Project Management Unit of Credit Line who held office during the period and to the date of this report are as follows:

#### ***Non-credit Line***

Mr. Le Van Hien	Director
Mr. Dang Minh Cuong	Deputy Director
Ms. Hoang Tuyet Mai	Deputy Director
Mr. Cao Thanh Son	Deputy Director
Mr. Lam Anh Hung	Project Accountant

#### ***Credit Line***

Ms. Tran Anh Thu	Director
Ms. Do Thi Ngoc Nhu	Deputy Director
Ms. Vu Thi Ngoc	Head of Planning and Financing Department

### **The Project Management Unit's Statement of Responsibility**

The Project Management Unit is responsible for preparing the financial statements of the Project, which comprise the Balance Sheet as at 31 December 2016, the Statements of Incomes and Expenditures, Statement of Sources and Uses of Funds, Statements of Designated Account, Statements of Withdrawals of Credit Line and Non-credit Line for the period from 09 July 2015 (the Project beginning date) to 31 December 2016 and the Notes to the Financial Statements including a summary of significant accounting policies, which give a true and fair view of the financial position as at 31 December 2016 as well as of the incomes, expenditures, receipts and disbursements of the Project for the period, in accordance with the accounting policies set out in Note 2 and Note 3 of the Notes to the Financial Statements and the covenants contained in Financing Agreement - Credit number Cr. 5704-VN. In preparing these financial statements, the Project Management Unit is required to:

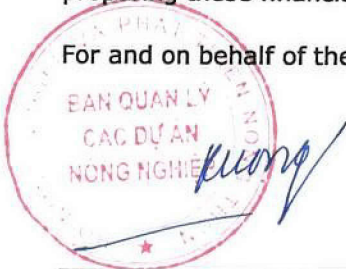
- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the project will continue in operation; and
- Design and maintain 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.

**STATEMENT OF THE PROJECT MANAGEMENT UNIT (Continued)**

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 that the financial statements in accordance with with the accounting policies set out in Note 2 and Note 3 of the Notes to the Financial Statements. The Project Management Unit is responsible for ensuring that the funds have been used as intended for the Project and for complying with Financing Agreement - Credit number Cr. 5704-VN as well as laws and regulations applicable to the Project. The Project Management Unit is also responsible for safeguarding the assets of the Project and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Project Management Unit confirms that they have complied with the above requirements in preparing these financial statements.

For and on behalf of the Project Management Unit,



PHẠ  
BAN QUẢN LÝ  
CÁC DỰ ÁN  
NÔNG NGHIỆP

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**Dang Minh Cuong**  
**Deputy Director**  
Non-credit Line  
Hanoi, 27 June 2017



NGÂN HÀNG  
THƯƠNG MẠI CỔ PHẦN  
ĐẦU TƯ VÀ PHÁT TRIỂN  
VIỆT NAM - CH. NH. NH.  
SỞ GIAO DỊCH

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**Tran Anh Thu**  
**Director**  
Credit Line  
Hanoi, 27 June 2017

## INDEPENDENT AUDITORS' REPORT

**To: The Project Management Unit of the Vietnam Sustainable Agriculture Transformation Project**

### Opinion

We have audited the financial statements of the Vietnam Sustainable Agriculture Transformation Project (the "Project"), which comprise the Balance SheetS as at 31 December 2016, the Statements of Incomes and Expenditures, Statements of Sources and Uses of Funds, Statements of Designated Account and Statements of Withdrawals of Non-credit Line and Credit Line for the period from 09 July 2015 (the Project beginning date) to 31 December 2016, and the Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion:

- The accompanying financial statements, give a true and fair view of the financial position of the Project as at 31 December 2016, and of its receipts, disbursements and expenditures for the period from 09 July 2015 to 31 December 2016 in accordance with the accounting convention and the accounting policies set out in Note 2 and Note 3 of the Notes to the financial statements.
- The Statements of Designated Account give a true and fair view of the balance of the Designated Account as at 31 December 2016 and the Project's receipts and disbursements via the Designated Account for the period from 09 July 2015 to 31 December 2016 in accordance with the relevant covenants of Financing Agreement - Credit number Cr. 5704-VN and prevailing relevant regulations established by the World Bank.
- The withdrawal applications were reconciled to the statements of expenditures (SOEs) prepared by the Project Management Unit during the period from 09 July 2015 to 31 December 2016 and those SOEs were adequately supported by accounting documents.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the 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, 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

We draw attention to Note 2 and Note 3 of the Notes to the financial statements, which describes the accounting convention and the summary of the significant accounting policies. The financial statements are prepared in accordance with the accounting convention and the accounting policies set out in Note 2 and Note 3 of the Notes to the financial statements and the requirements of the World Bank. As a result, the financial statements may not be suitable for another purpose. 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 accounting convention and the accounting policies set out in Note 2 and Note 3 of the Notes 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.

In preparing the financial statements, management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Project or 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.

## INDEPENDENT AUDITORS' REPORT (Continued)

### Auditors' 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 International Standards on Auditing (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.
- 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 Project'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 Project to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We communicated with those charged with governance and the Project Management Unit 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.



**Khúc Thị Lan Anh**  
**Deputy General Director**  
Audit Practising Registration Certificate  
No. 0036-2013-001-1

**DELOITTE VIETNAM COMPANY LIMITED**

27 June 2017  
Hanoi, S.R. Vietnam

**Nguyen Anh Tuan**  
**Auditor**  
Audit Practising Registration Certificate

**BALANCE SHEET**  
*(Non-credit Line)*  
As at 31 December 2016

<b>ASSETS</b>	<b>Notes</b>	<b>31/12/2016 VND</b>
<b>Current assets</b>		<b>27,991,097,012</b>
<b>Cash</b>	<b>5.1</b>	<b>13,020,554,517</b>
Cash on hand		710,613,039
Cash in bank		12,152,520,261
Cash in state treasury		157,421,217
<b>Receivables</b>		<b>14,970,542,495</b>
Prepayments to suppliers	5.2	10,548,504,105
Other receivables	5.3	4,422,038,390
<b>Total assets</b>		<b>27,991,097,012</b>
 <b>LIABILITIES</b>		
<b>Current liabilities</b>		<b>16,763,549,765</b>
Payables to suppliers	5.4	15,366,303,449
Tax and payables to the State budget		45,588,187
Payables to employees		431,182,591
Other payables	5.5	920,475,538
<b>Total liabilities</b>		<b>16,763,549,765</b>
 <b>NET ASSETS</b>		<b>11,227,547,247</b>
Exchange differences		353,851,846
Deficit of incomes over expenditures		10,873,695,401
		<b>11,227,547,247</b>

**Dang Minh Cuong**  
Deputy Director

**Lam Anh Hung**  
Project Accountant

**Dao Minh Tan**  
Preparer

Hanoi, 27 June 2017

The accompanying notes are an integral part of these financial statements



**BALANCE SHEET**  
*(Credit Line)*

As at 31 December 2016

ITEM	Notes	31/12/2016
		VND
<b>ASSETS</b>		
<b>Placements with and loans to other credit institutions</b>	<b>6.1</b>	<b>204,553,734,966</b>
Placements with other credit institutions		176,631,334,966
Loans to other credit institutions		27,926,000,000 (3,600,000)
Provision for credit losses of placements with and loans to other credit institutions		
<b>Other assets</b>	<b>6.2</b>	<b>742,890,462</b>
Interest and fee receivables		742,890,462
<b>TOTAL ASSETS</b>		<b>205,296,625,428</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>		
<b>Grants, trusted funds and borrowings at risk of the credit insitutions</b>	<b>6.3</b>	<b>204,554,448,300</b>
<b>Other liabilities</b>	<b>6.4</b>	<b>387,420,575</b>
Interest and fee payables		387,420,575
<b>TOTAL LIABILITIES</b>		<b>204,941,868,875</b>
<b>Capital and reserves</b>		
Retained earnings		354,756,553
<b>TOTAL OWNERS' EQUITY</b>		<b>354,756,553</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>205,296,625,428</b>



**Tran Anh Thu**  
Director

Hanoi, 27 June 2017

**Pham Hien Luong**  
Deputy Head of Planning  
and Financing Department

**Pham Thi Hong Trang**  
Preparer

The accompanying notes are an integral part of these financial statements

**STATEMENT OF INCOMES AND EXPENDITURES**  
*(Non-credit Line)*

For the period from 09 July 2015 (the Project beginning date)  
to 31 December 2016

	Notes	From 09/7/2015 to 31/12/2016
		VND
<b>INCOMES</b>		
IDA funds	5.7&5.8	87,124,218,855
Counterpart funds		11,898,363,463
<b>TOTAL INCOMES</b>		<b>99,022,582,318</b>
<b>EXPENDITURES</b>		
Component A: Institutional Strengthening to Support Agricultural Transformation		1,606,864,769
Component B: Supporting Sustainable Rice-Based Systems		37,634,424,797
Component C: Supporting Sustainable Coffee Production and Rejuvenation		13,047,323,790
Component D: Project management, Monitoring, and Evaluation		35,854,206,738
Others (Bank charges)		6,066,823
<b>TOTAL EXPENDITURES</b>	5.9	<b>88,148,886,917</b>
<b>EXCESS OF INCOMES OVER EXPENDITURES</b>		<b>10,873,695,401</b>



**Dang Minh Cuong**  
Deputy Director

Hanoi, 27 June 2017

  
**Lam Anh Hung**  
Project Accountant

  
**Dao Minh Tan**  
Preparer

The accompanying notes are an integral part of these financial statements

**STATEMENT OF INCOMES AND EXPENDITURES**  
*(Credit Line)*

*For the period from 09 July 2015 (the Project beginning date)  
to 31 December 2016*

ITEM	Note	From 09 July 2015 to 31 December 2016
Interest and similar income	6.5	3,601,544,061
Interest and similar expenses	6.6	(3,160,577,632)
<b>Net interest income</b>		<b>440,966,429</b>
<b>Net loss from trading gold and foreign currencies</b>	<b>6.7</b>	<b>(82,609,876)</b>
<b>Total operating income</b>		<b>358,356,553</b>
<b>Total operating expenses</b>		<b>-</b>
<b>Net profit from operating activities before provision for credit losses</b>		<b>358,356,553</b>
<b>Provision for credit losses</b>		<b>(3,600,000)</b>
<b>Profit before tax</b>		<b>354,756,553</b>
<b>Profit after tax</b>		<b>354,756,553</b>



**Tran Anh Thu**  
Director

*Hanoi, 27 June 2017*

**Pham Hien Luong**  
Deputy Head of Planning  
and Financing Department

**Pham Thi Hong Trang**  
Preparer

*The accompanying notes are an integral part of these financial statements*

**STATEMENT OF SOURCES AND USES OF FUNDS**  
*(Non-credit line)*

For the period from 09 July 2015 (the Project beginning date)  
to 31 December 2016

Unit: VND

No.	Contents	Notes	IDA funds	Counterpart funds	Total
<b>I.</b>	<b>Receipts</b>		<b>82,922,702,488</b>	<b>11,898,363,463</b>	<b>94,821,065,951</b>
1	IDA funds	5.7	82,922,702,488		82,922,702,488
2	Counterpart funds			11,898,363,463	11,898,363,463
<b>II.</b>	<b>Disbursements</b>	<b>5.9</b>	<b>71,237,918,907</b>	<b>11,387,531,993</b>	<b>82,625,450,900</b>
1	Component A: Institutional Strengthening to Support Agricultural Transformation		449,924,502	152,626,980	602,551,482
2	Component B: Supporting Sustainable Rice-Based Systems		33,247,135,323	4,092,360,369	37,339,495,692
3	Component C: Supporting Sustainable Coffee Production and Rejuvenation		11,118,227,439	332,738,000	11,450,965,439
4	Component D: Project management, Monitoring, and Evaluation		26,416,900,733	6,809,806,644	33,226,707,377
5	Others (Bank charges)		5,730,910		5,730,910
	<b>Excess of Receipts over Disbursements</b>		<b>11,684,783,581</b>	<b>510,831,470</b>	<b>12,195,615,051</b>
	Exchange differences		353,851,846		353,851,846
<b>III.</b>	<b>Excess of Receipts over Disbursements - Opening balance</b>				
<b>IV.</b>	<b>Excess of Receipts over Disbursements - Closing balance</b>		<b>12,038,635,427</b>	<b>510,831,470</b>	<b>12,549,466,897</b>

Represented by:

Cash balance	13,020,554,517
Other receivables not related to income (see Note 5.3)	220,521,500
Other payables related to income but not yet eligible to be added to IDA funds (see Note 5.5)	430,214,282
Other payables not related to income (see Note 5.5)	61,394,838
Other payables not related to expenditures (see Note 5.5)	200,000,000



**Dang Minh Cuong**  
Deputy Director

Hanoi, 27 June 2017

  
**Lam Anh Hung**  
Project Accountant

  
**Dao Minh Tan**  
Preparer

The accompanying notes are an integral part of these financial statements

**STATEMENT OF SOURCES AND USES OF FUNDS**  
*(Credit line)*

For the period from 09 July 2015 (the Project beginning date)  
to 31 December 2016

Unit: VND

No.	Content	Notes	IDA funds	Other funds	Total
<b>I</b>	<b>Opening balance</b>				
	Credit limit- Designated account		-	-	-
	Other bank accounts		-	-	-
	Cash		-	-	-
	<b>Total</b>		-	-	-
<b>II</b>	<b>Sources of Funds</b>				
	1. Counterpart funds		-	-	-
	2. IDA Credit	6.8	204,746,000,550	-	204,746,000,550
	3. Received interest		-	2,853,473,599	2,853,473,599
	4. Loan repayment from PFIs		-	5,180,000	5,180,000
	5. Others		-	-	-
	<b>Total funds</b>		<b>204,746,000,550</b>	<b>2,858,653,599</b>	<b>207,604,654,149</b>
<b>III</b>	<b>Difference on exchange rates</b>		<b>(191,552,250)</b>	<b>(82,609,876)</b>	<b>(274,162,126)</b>
	Less:				
<b>IV</b>	<b>Uses of funds</b>				
	A. Sub-component B2		10,000,000,000	-	10,000,000,000
	B. Sub-component C2		17,926,000,000	-	17,926,000,000
	C. Paid interest to Ministry of Finance		-	2,773,157,057	2,773,157,057
	Total (A+B+C)		27,926,000,000	2,773,157,057	30,699,157,057
<b>V</b>	<b>Closing balance</b>				
	Credit limit- Designated account A		176,628,448,300	-	176,628,448,300
	Other bank accounts		-	2,886,666	2,886,666
	Cash		-	-	-
	<b>Total</b>		<b>176,628,448,300</b>	<b>2,886,666</b>	<b>176,631,334,966</b>



**Tran Anh Thu**  
Director

Hanoi, 27 June 2017

**Pham Hien Luong**  
Deputy Head of Planning  
and Financing Department

**Pham Thi Hong Trang**  
Preparer

The accompanying notes are an integral part of these financial statements

**STATEMENT OF DESIGNATED ACCOUNT**  
*(Non-credit line)*

For the period : From 09 July 2015 (the Project beginning date) to 31 December 2016  
Account No. : 16010370006804  
Depository Bank : JSC Bank for Investment and Development of Vietnam - Transaction Center 3 Branch  
Address : 20 Hang Tre Street, Hoan Kiem District, Hanoi  
Financing Agreement : Credit number Cr. 5704-VN  
Currency unit : USD

Amount

**PART A: ACCOUNT ACTIVITIES**

**Opening balance (09/7/2015)**

**Add:**

Total amount initially advanced by the World Bank	1,118,000.00
Total amount replenished by the World Bank to the Designated Account in the period	777,951.09

**Deduct:**

Total amount withdrawn from the Designated Account	1,892,236.32
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**Closing balance (31/12/2016)**

**3,714.77**

**PART B: ACCOUNT RECONCILIATION**

1. Opening balance of advances by the World Bank	-
2. Add: Amount advanced by the World Bank to the Designated Account in the period	1,118,000.00
3. Deduct: Total amount recovered by the World Bank from the Designated Account	199,903.12
<b>4. Total advances to the Designated Account as at 31/12/2016</b>	<u><b>918,096.88</b></u>
5. Closing balance of the Designated Account as at 31/12/2016	3,714.77
6. Add: Amount withdrawn but not yet claimed for reimbursement	612,721.16
7. Add: Amount withdrawn and claimed but not yet credited by the World Bank	301,660.95
<b>8. Total advances to the Designated Account as at 31/12/2016</b>	<u><b>918,096.88</b></u>



**Dang Minh Cuong**  
Deputy Director

Hanoi, 27 June 2017

**Lam Anh Hung**  
Project Accountant

**Tang Thien Tai**  
Preparer

The accompanying notes are an integral part of these financial statements

**STATEMENT OF DESIGNATED ACCOUNT**  
**(Non-credit line)**

For the period : From 09 July 2015 (the Project beginning date) to 31 December 2016  
Account No. : 750.10.37.001260.8  
Depository Bank : JSC Bank for Investment and Development of Vietnam - Kien Giang Branch  
Address : 259 - 261 Tran Phu Street, Vinh Thanh Van Ward, Rach Gia City, Kien Giang Province  
Financing Agreement : Credit number Cr. 5704-VN  
Currency unit : USD

**Amount**

**PART A: ACCOUNT ACTIVITIES**

<b>Opening balance (09/7/2015)</b>	-
<b>Add:</b>	
Total amount initially advanced by the World Bank	175,000.00
<b>Deduct:</b>	
Total amount withdrawn from the Designated Account	163,455.79
<b>Closing balance (31/12/2016)</b>	<b>11,544.21</b>

**PART B: ACCOUNT RECONCILIATION**

1. Opening balance of advances by the World Bank	-
2. Add: Amount advanced by the World Bank to the Designated Account in the period	175,000.00
3. Deduct: Total amount recovered by the World Bank from the Designated Account	57,250.00
<b>4. Total advances to the Designated Account as at 31/12/2016</b>	<b>117,750.00</b>
5. Closing balance of the Designated Account as at 31/12/2016	11,544.21
6. Add: Amount withdrawn but not yet claimed for reimbursement	106,205.79
<b>7. Total advances to the Designated Account as at 31/12/2016</b>	<b>117,750.00</b>



**Dang Minh Cuong**  
Deputy Director

Hanoi, 27 June 2017

**Lam Anh Hung**  
Project Accountant

**Tang Thien Tai**  
Preparer

**STATEMENT OF DESIGNATED ACCOUNT**  
*(Non-credit line)*

For the period : From 09 July 2015 (the Project beginning date) to 31 December 2016  
 Account No. : 70110370297948  
 Depository Bank : JSC Bank for Investment and Development of Vietnam - An Giang Branch  
 Address : 7 Le Trieu Kiet Street, My Binh Ward, Long Xuyên City, An Giang Province  
 Financing Agreement : Credit number Cr. 5704-VN  
 Currency unit : USD

**Amount**

**PART A: ACCOUNT ACTIVITIES**

**Opening balance (09/7/2015)**

**Add:**

Total amount initially advanced by the World Bank	100,000.00
Total amount replenished by the World Bank to the Designated Account in the period	150,000.00

**Deduct:**

Total amount withdrawn from the Designated Account	244,716.02
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**Closing balance (31/12/2016)**

**5,283.98**

**PART B: ACCOUNT RECONCILIATION**

1. Opening balance of advances by the World Bank	-
2. Add: Amount advanced by the World Bank to the Designated Account in the period	112,552.42
3. Deduct: Total amount recovered by the World Bank from the Designated Account	21,894.79
<b>4. Total advances to the Designated Account as at 31/12/2016</b>	<b>90,657.63</b>
5. Closing balance of the Designated Account as at 31/12/2016	5,283.98
6. Add: Amount withdrawn but not yet claimed for reimbursement	85,373.65
<b>7. Total advances to the Designated Account as at 31/12/2016</b>	<b>90,657.63</b>



**Dang Minh Cuong**  
Deputy Director

Hanoi, 27 June 2017

**Lam Anh Hung**  
Project Accountant

**Tang Thien Tai**  
Preparer

The accompanying notes are an integral part of these financial statements



**STATEMENT OF DESIGNATED ACCOUNT  
(Non-credit line)**

For the period : From 09 July 2015 (the Project beginning date) to 31 December 2016  
 Account No. : 737.10.37.000530.0  
 Depository Bank : JSC Bank for Investment and Development of Vietnam - Hau Giang Branch  
 Address : 29 1/5 Street, Ward No.1, Vi Thanh Town, Hau Giang Province  
 Financing Agreement : Credit number Cr. 5704-VN  
 Currency unit : USD

**Amount**

**PART A: ACCOUNT ACTIVITIES**

<b>Opening balance (09/7/2015)</b>	-
<b>Add:</b>	
Total amount initially advanced by the World Bank	107,000.00
Total amount replenished by the World Bank to the Designated Account in the period	46,331.88
<b>Deduct:</b>	
Total amount withdrawn from the Designated Account	102,184.01
<b>Closing balance (31/12/2016)</b>	<b>51,147.87</b>

**PART B: ACCOUNT RECONCILIATION**

1. Opening balance of advances by the World Bank	-
2. Add: Amount advanced by the World Bank to the Designated Account in the period	107,000.00
<b>3. Total advances to the Designated Account as at 31/12/2016</b>	<b>107,000.00</b>
4. Closing balance of the Designated Account as at 31/12/2016	51,147.87
5. Add: Amount withdrawn but not yet claimed for reimbursement	55,852.13
<b>6 Total advances to the Designated Account as at 31/12/2016</b>	<b>107,000.00</b>



**Dang Minh Cuong**  
Deputy Director

Hanoi, 27 June 2017

**Lam Anh Hung**  
Project Accountant

**Tang Thien Tai**  
Preparer

The accompanying notes are an integral part of these financial statements

**STATEMENT OF DESIGNATED ACCOUNT**  
*(Non-credit line)*

For the period : From 09 July 2015 (the Project beginning date) to 31 December 2016  
 Account No. : 71010370033324  
 Depository Bank : JSC Bank for Investment and Development of Vietnam - Tien Giang Branch  
 Address : 34-36 Le Loi Street, Ward No.1, My Tho City, Tien Giang Province  
 Financing Agreement : Credit number Cr. 5704-VN  
 Currency unit : USD

Amount

**PART A: ACCOUNT ACTIVITIES**

<b>Opening balance (09/7/2015)</b>	-
<b>Add:</b>	
Total amount initially advanced by the World Bank	188,000.00
Total amount replenished by the World Bank to the Designated Account in the period	124,642.97
<b>Deduct:</b>	
Total amount withdrawn from the Designated Account	312,542.97
<b>Closing balance (31/12/2016)</b>	<u><b>100.00</b></u>

**PART B: ACCOUNT RECONCILIATION**

1. Opening balance of advances by the World Bank	-
2. Add: Amount advanced by the World Bank to the Designated Account in the period	188,000.00
3. Deduct: Total amount recovered by the World Bank from the Designated Account	125,524.56
<b>4. Total advances to the Designated Account as at 31/12/2016</b>	<u><b>62,475.44</b></u>
5. Closing balance of the Designated Account as at 31/12/2016	100.00
6. Add: Amount withdrawn but not yet claimed for reimbursement	62,375.44
<b>7 Total advances to the Designated Account as at 31/12/2016</b>	<u><b>62,475.44</b></u>



**Dang Minh Cuong**  
Deputy Director

Hanoi, 27 June 2017

**Lam Anh Hung**  
Project Accountant

**Tang Thien Tai**  
Preparer

The accompanying notes are an integral part of these financial statements

**STATEMENT OF DESIGNATED ACCOUNT**  
*(Non-credit line)*

For the period : From 09 July 2015 (the Project beginning date) to 31 December 2016

Account No. : 6810370009008

Depository Bank : JSC Bank for Investment and Development of Vietnam - Long An Branch

Address : 140 Hung Vuong, Ward No.2, Tan An City, Long An Province

Financing Agreement : Credit number Cr. 5704-VN

Currency unit : USD

**Amount**

**PART A: ACCOUNT ACTIVITIES**

Opening balance (09/7/2015) -

**Add:**

Total amount initially advanced by the World Bank 215,000.00

**Deduct:**

Total amount withdrawn from the Designated Account 214,630.27

**Closing balance (31/12/2016) 369.73**

**PART B: ACCOUNT RECONCILIATION**

1. Opening balance of advances by the World Bank	-
2. Add: Amount advanced by the World Bank to the Designated Account in the period	215,000.00
<b>3. Total advances to the Designated Account as at 31/12/2016</b>	<b>215,000.00</b>
4. Closing balance of the Designated Account as at 31/12/2016	369.73
5. Add: Amount withdrawn but not yet claimed for reimbursement	102,230.64
6. Add: Amount withdrawn and claimed but not yet credited by the World Bank	112,399.63
<b>7. Total advances to the Designated Account as at 31/12/2016</b>	<b>215,000.00</b>



**Dang Minh Cuong**  
Deputy Director

Hanoi, 27 June 2017

**Lam Anh Hung**  
Project Accountant

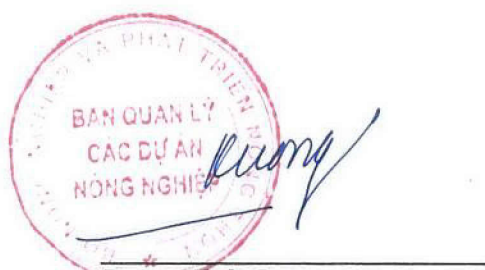
**Tang Thien Tai**  
Preparer

The accompanying notes are an integral part of these financial statements

**STATEMENT OF DESIGNATED ACCOUNT**  
*(Non-credit line)*

For the period : From 09 July 2015 (the Project beginning date) to 31 December 2016  
Account No. : 69110370012680  
Depository Bank : JSC Bank for Investment and Development of Vietnam - Dong Thap Branch  
Address : 12A, 30/4 Street, Ward No.1, Cao Lanh City, Dong Thap Province  
Financing Agreement : Credit number Cr. 5704-VN  
Currency unit : USD

	<u>Amount</u>
<b>PART A: ACCOUNT ACTIVITIES</b>	
<b>Opening balance (09/7/2015)</b>	-
<b>Add:</b>	
Total amount initially advanced by the World Bank	75,000.00
Total amount replenished by the World Bank to the Designated Account in the period	224,000.00
<b>Deduct:</b>	
Total amount withdrawn from the Designated Account	<u>272,201.89</u>
<b>Closing balance (31/12/2016)</b>	<u><b>26,798.11</b></u>
<b>PART B: ACCOUNT RECONCILIATION</b>	
1. Opening balance of advances by the World Bank	-
2. Add: Amount advanced by the World Bank to the Designated Account in the period	204,923.52
3. Deduct: Total amount recovered by the World Bank from the Designated Account	<u>135,466.08</u>
<b>4. Total advances to the Designated Account as at 31/12/2016</b>	<u><b>69,457.44</b></u>
5. Closing balance of the Designated Account as at 31/12/2016	26,798.11
6. Add: Amount withdrawn but not yet claimed for reimbursement	<u>42,659.33</u>
<b>7 Total advances to the Designated Account as at 31/12/2016</b>	<u><b>69,457.44</b></u>



**Dang Minh Cuong**  
Deputy Director

Hanoi, 27 June 2017



**Lam Anh Hung**  
Project Accountant



**Tang Thien Tai**  
Preparer

The accompanying notes are an integral part of these financial statements

**STATEMENT OF DESIGNATED ACCOUNT**  
*(Non-credit line)*

For the period : From 09 July 2015 (the Project beginning date) to 31 December 2016  
Account No. : 74110370022726  
Depository Bank : JSC Bank for Investment and Development of Vietnam - Can Tho Branch  
Address : 12 Hoa Binh Street, Ninh Kieu District, Can Tho City  
Financing Agreement : Credit number Cr. 5704-VN  
Currency unit : USD

**Amount**

**PART A: ACCOUNT ACTIVITIES**

**Opening balance (09/7/2015)**

**Add:**

Total amount initially advanced by the World Bank	100,000.00
Total amount replenished by the World Bank to the Designated Account in the period	121,844.24

**Deduct:**

Total amount withdrawn from the Designated Account	212,867.12
--	------------

**Closing balance (31/12/2016)**

**8,977.12**

**PART B: ACCOUNT RECONCILIATION**

1. Opening balance of advances by the World Bank	-
2. Add: Amount advanced by the World Bank to the Designated Account in the period	100,000.00
3. Deduct: Total amount recovered by the World Bank from the Designated Account	44,200.66
<b>4. Total advances to the Designated Account as at 31/12/2016</b>	<b>55,799.34</b>
5. Closing balance of the Designated Account as at 31/12/2016	8,977.12
6. Add: Amount withdrawn but not yet claimed for reimbursement	46,822.22
<b>7. Total advances to the Designated Account as at 31/12/2016</b>	<b>55,799.34</b>

**Dang Minh Cuong**  
Deputy Director

Hanoi, 27 June 2017

**Lam Anh Hung**  
Project Accountant

**Tang Thien Tai**  
Preparer

The accompanying notes are an integral part of these financial statements

**STATEMENT OF DESIGNATED ACCOUNT**  
*(Non-credit line)*

For the period : From 09 July 2015 (the Project beginning date) to 31 December 2016

Account No. : 74210370010870

Depository Bank : JSC Bank for Investment and Development of Vietnam - Soc Trang Branch

Address : No. 5 Tran Hung Dao Street, Soc Trang City, Soc Trang Province

Financing Agreement : Credit number Cr. 5704-VN

Currency unit : USD

Amount

**PART A: ACCOUNT ACTIVITIES**

**Opening balance (09/7/2015)**

**Add:**

Total amount initially advanced by the World Bank 102,000.00

Total amount replenished by the World Bank to the Designated Account in the period 121,811.26

**Deduct:**

Total amount withdrawn from the Designated Account 182,174.34

**Closing balance (31/12/2016)** 41,636.92

**PART B: ACCOUNT RECONCILIATION**

1. Opening balance of advances by the World Bank -

2. Add: Amount advanced by the World Bank to the Designated Account in the period 102,000.00

3. Deduct: Total amount recovered by the World Bank from the Designated Account 47,960.25

**4. Total advances to the Designated Account as at 31/12/2016** 54,039.75

5. Closing balance of the Designated Account as at 31/12/2016 41,636.92

6. Add: Amount withdrawn but not yet claimed for reimbursement 12,402.83

**7. Total advances to the Designated Account as at 31/12/2016** 54,039.75



**Dang Minh Cuong**  
Deputy Director

Hanoi, 27 June 2017

**Lam Anh Hung**  
Project Accountant

**Tang Thien Tai**  
Preparer

*The accompanying notes are an integral part of these financial statements*

**STATEMENT OF DESIGNATED ACCOUNT  
(Credit line)**

For the period : From 09 July 2015 (the Project beginning date) to 31 December 2016  
 Account No. : 16010370011668  
 Depository Bank : JSC Bank for Investment and Development of Vietnam - Transaction Center 3  
 Branch  
 Address : 20 Hang Tre Street, Hoan Kiem District, Hanoi  
 Financing Agreement : Credit number Cr. 5704-VN  
 Currency unit : USD

**Amount**

**PART A: ACCOUNT ACTIVITIES**

**Opening balance (09/7/2015)**

-

**Add:**

Total amount initially advanced by the World Bank 9,200,000.00

**Deduct:**

Total amount withdrawn from the Designated Account 1,229,042.46

**Closing balance (31/12/2016)**

**7,970,957.54**

**PART B: ACCOUNT RECONCILIATION**

1. Opening balance of advances by the World Bank	-
2. Add: Amount advanced by the World Bank to the Designated Account in the period	9,200,000.00
<b>3. Total advances to the Designated Account as at 31/12/2016</b>	<b>9,200,000.00</b>
4. Closing balance of the Designated Account as at 31/12/2016	7,970,957.54
5. Add: Amount withdrawn but not yet claimed for reimbursement	1,229,042.46
<b>6. Total advances to the Designated Account as at 31/12/2016</b>	<b>9,200,000.00</b>



**Tran Anh Thu**  
Director

Hanoi, 27 June 2017

**Pham Hien Luong**  
Deputy Head of Planning  
and Financing Department

**Pham Thi Hong Trang**  
Preparer

The accompanying notes are an integral part of these financial statements

**STATEMENT OF WITHDRAWALS**  
(Non-credit line)

For the period from 09 July 2015 (the Project beginning date) to 31 December 2016

Withdrawal Application		Amount claimed		Amount disbursed		Difference	
No.	Date	Currency	Advance	Advance clearance	Total		Date
<b>Advance to the Designated Account</b>							
<b>Central Project Management Unit</b>							
CPMU-01	26/02/2016	USD	728,000.00	-	728,000.00	02/03/2016	728,000.00
CPMU-02	30/3/2016	USD	90,000.00	-	90,000.00	19/04/2016	90,000.00
CPMU-03	30/5/2016	USD	100,000.00	-	100,000.00	03/06/2016	100,000.00
CPMU-04	02/6/2016	USD	200,000.00	-	200,000.00	13/06/2016	200,000.00
			1,118,000.00	-	1,118,000.00		1,118,000.00
<b>Long An Provincial Project Management Unit</b>							
VNSATLA-01	17/3/2016	USD	215,000.00	-	215,000.00	04/04/2016	215,000.00
			215,000.00	-	215,000.00		215,000.00
<b>Tien Giang Provincial Project Management Unit</b>							
VNSATTG-01	16/3/2016	USD	188,000.00	-	188,000.00	01/04/2016	188,000.00
			188,000.00	-	188,000.00		188,000.00
<b>Kien Giang Provincial Project Management Unit</b>							
VNSATKG-01	08/3/2016	USD	175,000.00	-	175,000.00	31/03/2016	175,000.00
			175,000.00	-	175,000.00		175,000.00
<b>Hau Giang Provincial Project Management Unit</b>							
VNSATHG-01	09/3/2016	USD	107,000.00	-	107,000.00	31/03/2016	107,000.00
			107,000.00	-	107,000.00		107,000.00
<b>Soc Trang Provincial Project Management Unit</b>							
VNSATST-01	29/3/2016	USD	102,000.00	-	102,000.00	19/04/2016	102,000.00
			102,000.00	-	102,000.00		102,000.00
<b>An Giang Provincial Project Management Unit</b>							
VNSATAG-01	09/3/2016	USD	100,000.00	-	100,000.00	29/03/2016	100,000.00
			100,000.00	-	100,000.00		100,000.00
<b>Can Tho Provincial Project Management Unit</b>							
VNSATCT-01	09/3/2016	USD	100,000.00	-	100,000.00	28/03/2016	100,000.00
			100,000.00	-	100,000.00		100,000.00
<b>Dong Thap Provincial Project Management Unit</b>							
VNSATDT-01	17/3/2016	USD	75,000.00	-	75,000.00	28/03/2016	75,000.00
			75,000.00	-	75,000.00		75,000.00
		<b>USD</b>	<b>2,180,000.00</b>	<b>-</b>	<b>2,180,000.00</b>		<b>2,180,000.00</b>

The accompanying notes are an integral part of these financial statements





**STATEMENT OF WITHDRAWALS (Continued)**  
(Non-credit line)

For the period from 09 July 2015 (the Project beginning date) to 31 December 2016

Withdrawal Application		Date	Currency	Advance	Advance Amount claimed clearance	Total	Amount disbursed		Difference
No.							Date	Amount	
<b>Replenish to the Designated Account</b>									
<b>Central Project Management Unit</b>									
CPMU-05		06/7/2016	USD	-	154,463.52	154,463.52	18/7/2016	154,463.52	-
CPMU-06		02/8/2016	USD	-	87,426.45	87,426.45	18/8/2016	87,426.45	-
CPMU-07		08/8/2016	USD	-	74,922.24	74,922.24	25/8/2016	74,922.24	-
CPMU-08		28/9/2016	USD	-	180,481.64	180,481.64	04/10/2016	113,280.27	67,201.37 (ii)
CPMU-09		23/10/2016	USD	-	161,109.08	161,109.08	02/12/2016	91,341.22	69,767.86 (ii)
CPMU-10		31/10/2016	USD	-	78,020.66	78,020.66	08/11/2016	78,020.66	-
CPMU-11		14/11/2016	USD	-	95,698.18	95,698.18	05/12/2016	95,698.18	-
CPMU-12		17/11/2016	USD	-	90,201.91	90,201.91	12/12/2016	45,541.35	44,660.56 (ii)
CPMU-13		30/11/2016	USD	-	19,958.21	19,958.21	14/12/2016	19,958.21	-
CPMU-14		15/12/2016	USD	-	35,572.32	35,572.32	28/12/2016	17,298.99	18,273.33 (ii)
CPMU-15		29/12/2016	USD	-	139,930.85	139,930.85	-	-	139,930.85 (i)
CPMU-16		29/12/2016	USD	-	161,730.10	161,730.10	-	-	161,730.10 (i)
				-	1,279,515.16	1,279,515.16		777,951.09	501,564.07
<b>Dong Thap Provincial Project Management Unit</b>									
VNSATDT-02		06/7/2016	USD	-	60,076.48	60,076.48	28/7/2016	190,000.00	(129,923.52) (iii)
VNSATDT-03		05/12/2016	USD	-	169,466.08	169,466.08	28/12/2016	34,000.00	135,466.08 (ii)
				-	229,542.56	229,542.56		224,000.00	5,542.56
<b>An Giang Provincial Project Management Unit</b>									
VNSATAG-02		01/9/2016	USD	-	77,447.58	77,447.58	20/9/2016	90,000.00	(12,552.42) (iii)
VNSATAG-03		09/12/2016	USD	-	81,894.79	81,894.79	28/12/2016	60,000.00	21,894.79 (ii)
				-	159,342.37	159,342.37		150,000.00	9,342.37
<b>Tien Giang Provincial Project Management Unit</b>									
VNSATTG-02		02/8/2016	USD	-	110,689.61	110,689.61	24/8/2016	110,689.61	-
VNSATTG-03		09/11/2016	USD	-	139,477.92	139,477.92	24/11/2016	13,953.36	125,524.56 (ii)
				-	250,167.53	250,167.53		124,642.97	125,524.56
<b>Can Tho Provincial Project Management Unit</b>									
VNSATCT-02		12/7/2016	USD	-	33,704.80	33,704.80	01/8/2016	33,704.80	-
VNSATCT-03		08/9/2016	USD	-	88,139.44	88,139.44	19/9/2016	88,139.44	-
VNSATCT-04		30/11/2016	USD	-	44,200.66	44,200.66	16/12/2016	-	44,200.66 (ii)
				-	166,044.90	166,044.90		121,844.24	44,200.66

The accompanying notes are an integral part of these financial statements



**STATEMENT OF WITHDRAWALS (Continued)**  
(Non - credit line)

For the period from 09 July 2015 (the Project beginning date) to 31 December 2016

Withdrawal Application		Amount claimed		Amount disbursed				
No.	Date	Currency	Advance	Advance clearance	Total	Date	Amount	Difference
<b>Replenish to the Designated Account</b>								
<b>Soc Trang Provincial Project Management Unit</b>								
VNSATST-02	07/10/2016	USD	-	90,515.90	90,515.90	24/10/2016	90,515.90	-
VNSATST-03	22/11/2016	USD	-	79,255.61	79,255.61	06/12/2016	31,295.36	47,960.25 (ii)
			-	169,771.51	169,771.51		121,811.26	47,960.25
<b>Hau Giang Provincial Project Management Unit</b>								
VNSATHG-02	03/10/2016	USD	-	46,331.88	46,331.88	08/11/2016	46,331.88	-
			-	46,331.88	46,331.88		46,331.88	-
<b>Kien Giang Provincial Project Management Unit</b>								
VNSATKG-02	08/11/2016	USD	-	57,250.00	57,250.00	23/11/2016	-	57,250.00 (ii)
			-	57,250.00	57,250.00		-	57,250.00
<b>Long An Provincial Project Management Unit</b>								
VNSATLA-02	30/12/2016	USD	-	112,399.63	112,399.63		-	112,399.63 (i)
			-	112,399.63	112,399.63		-	112,399.63
<b>Total</b>		<b>USD</b>	<b>-</b>	<b>2,470,365.54</b>	<b>2,470,365.54</b>		<b>1,566,581.44</b>	<b>903,784.10</b>
		<b>USD</b>	<b>2,180,000.00</b>	<b>2,470,365.54</b>	<b>4,650,365.54</b>		<b>3,746,581.44</b>	<b>903,784.10</b>

Explain differences:

- (i): Amount withdrawn, claimed for reimbursement and accepted to be credited by the World Bank in 2017  
(ii): Advance amount recovered by the World Bank  
(iii): Amount replenished by the World Bank to the Designated Account in the period

  
**Dang Minh Cuong**  
Deputy Director

  
**Lam Anh Hung**  
Project Accountant

  
**Tang Thien Tai**  
Preparer

Hanoi, 27 June 2017

The accompanying notes are an integral part of these financial statements

**STATEMENT OF WITHDRAWALS**  
 (Credit line)

For the period from 09 July 2015 (the Project beginning date) to 31 December 2016

Withdrawal Application		Amount claimed		Amount disbursed				
No.	Date	Currency	Advance	Advance clearance	Total	Date	Amount	Difference
<b>Advance to the Designated Account</b>								
BIDV-01	19/4/2016	USD	9,200,000.00	-	9,200,000.00	21/4/2016	9,200,000.00	-
		<b>USD</b>	<b>9,200,000.00</b>	<b>-</b>	<b>9,200,000.00</b>		<b>9,200,000.00</b>	<b>-</b>



**Tran Anh Thu**  
 Director

Hanoi, 27 June 2017

**Pham Hien Luong**  
 Deputy Head of Planning and  
 Financing Department

**Pham Thi Hong Trang**  
 Preparer

The accompanying notes are an integral part of these financial statements



**NOTES TO THE FINANCIAL STATEMENTS**

*(These notes are an integral part of and should be read in conjunction with the accompanying financial statements)*

**1. GENERAL INFORMATION**

The Vietnam Sustainable Agriculture Transformation Project ("the Project") operates under Financing Agreement - Credit number Cr. 5704-VN dated 09 July 2015 signed between the Socialist Republic of Vietnam and the International Development Association ("IDA").

The objective of the Sustainable Agricultural Transformation Project is to strengthen the implementation of the Agricultural Restructuring Plan and to accelerate the pace of sustainable transformation in rice and coffee sub-sectors in two main regions of Mekong Delta and Central Highland.

Total fund of the Vietnam Sustainable Agriculture Transformation Project is USD 301,000,000, in which, the Non-credit Line accounts for USD 196,000,000 and Credit Line accounts for USD 105,000,000. Funds of the Vietnam Sustainable Agriculture Transformation Project comprises of IDA funds, counterpart funds of the Government and private funds.

Implementing Agencies include:

Non-credit Line:

Central Level: Department of Planning and APMB under MARD

Provincial Level: 8 MKD provinces/ city of An Giang, Can Tho, Dong Thap, Hau Giang, Kien Giang, Long An, Soc Trang and Tien Giang; 5 CH provinces of Dak Lak, Dak Nong, Gia Lai, Kon Tum, Lam Dong; and pilot provinces under Component A (Vinh Phuc, Nam Dinh, Thanh Hoa, Ha Tinh, Binh Dinh, Dong Thap, Lam Dong).

Credit Line: Joint Stock Commercial Bank for Investment and Development of Vietnam - Transaction Center 3 Branch.

The Project started its operations on 09 July 2015 (the date of the Agreement) and is expected to be completed in 2020.

**2. ACCOUNTING CONVENTION AND FINANCIAL YEAR**

**Accounting convention**

The accompanying financial statements including Non-credit Line and Credit Line, expressed in Vietnam Dong (VND), are prepared under the historical cost convention except for the Statements of Designated Account and the Statements of Withdrawals which are prepared in original currency. The financial statements are prepared in accordance with the accounting policies set out in Note 3, in accordance with the World Bank's requirements and on basis of consolidating figures and off-set internal transactions and balances of implementing agencies including Non-credit Line (Vietnam Sustainable Agriculture Transformation Project in Central, Component A, An Giang province, Can Tho city, Dong Thap province, Hau Giang province, Kien Giang province, Long An province, Soc Trang province, Tien Giang province, Kon Tum province, Gia Lai province, Dak Lak province, Dak Nong province, Lam Dong province) and Credit Line.

**Financial year**

The Project's financial year begins on 01 January and ends on 31 December.

These financial statements are prepared for the period from 09 July 2015 (the Project beginning date) to 31 December 2016.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

*(These notes are an integral part of and should be read in conjunction with the accompanying financial statements)*

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies, which have been adopted by the Project Management Unit in the preparation of these financial statements, are as follows:

**Foreign currency translation**

Transactions arising in foreign currencies are translated into Vietnam Dong (VND) at exchange rates ruling on the transaction date. The balances of monetary items denominated in foreign currencies at the Balance Sheet date are retranslated at the average interbank exchange rates on the same date.

Foreign exchange differences are not cash flows. However, the effect of exchange rate changes is reported separately in the Statements of Sources and Uses of Funds in order to reconcile with balances of assets and liabilities in the Balance Sheet.

**Recognition of funds and expenditures**

*Non - credit line*

IDA funds and counterpart funds are recognized on the basis of the receivable recorded - payable recorded or expenditures certified by the State Treasury until the end of 31 January of the next year for transactions from 09 July 2015 (the Project beginning date) to 31 December 2016.

Expenses are recognised on an accrual basic.

*Credit line*

USD fund is recognised at the time of cash withdrawal from credit account to designated account until the end of 31 December.

VND fund is recognised at the time of cash withdrawal from designated account, conversion into VND for disbursement to financial institutions until the end of 31 December.

Expenses are recognised on an accrual basic.

**4. DESIGNATED ACCOUNTS**

Designated Account is a deposit account in USD opened for the whole Project, including one (01) account for the Central Project Management Unit, eight (08) accounts for each Project Management Unit in eight (08) provinces/ city in Mekong Delta namely: Kien Giang, An Giang, Hau Giang, Tien Giang, Long An, Dong Thap, Can Tho, Soc Trang and one (01) account for Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV) to serve the Project's activities. Payments out of the Designated Account are made in accordance with the relevant covenants of Financing Agreement - Credit number Cr. 5704-VN and relevant regulations established by the World Bank.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

*(These notes are an integral part of and should be read in conjunction with the accompanying financial statements)*

**5. NOTES TO THE FINANCIAL STATEMENTS OF NON - CREDIT LINE**

**5.1. CASH**

	<u>31/12/2016</u>
	VND
<b>Cash on hand</b>	<b>710,613,039</b>
Cash on hand in Long An Provincial Project Management Unit	182,789,540
Cash on hand in Central Project Management Unit	166,175,163
Cash on hand in Hau Giang Provincial Project Management Unit	160,000,000
Cash on hand in Can Tho Provincial Project Management Unit	85,641,392
Cash on hand in Dong Thap Provincial Project Management Unit	55,630,826
Cash on hand in Dak Nong Provincial Project Management Unit	18,000,000
Cash on hand in Kon Tum Provincial Project Management Unit	13,930,833
Cash on hand in Tien Giang Provincial Project Management Unit	12,873,907
Cash on hand in An Giang Provincial Project Management Unit	8,000,000
Cash on hand in Soc Trang Provincial Project Management Unit	5,776,700
Cash on hand in Lam Dong Provincial Project Management Unit	1,230,028
Cash on hand in Kien Giang Provincial Project Management Unit	564,650
<b>Cash in bank</b>	<b>12,152,520,261</b>
Cash in bank in Lam Dong Provincial Project Management Unit	1,953,652,667
Cash in bank in Component A Project Management Unit	1,892,627,841
Cash in bank in An Giang Provincial Project Management Unit	1,574,223,445
Cash in bank in Dak Nong Provincial Project Management Unit	1,338,997,240
Cash in bank in Hau Giang Provincial Project Management Unit	1,134,791,057
Cash in bank in Soc Trang Provincial Project Management Unit	973,518,532
Cash in bank in Dak Lak Provincial Project Management Unit	907,512,760
Cash in bank in Dong Thap Provincial Project Management Unit	605,896,608
Cash in bank in Gia Lai Provincial Project Management Unit	518,949,820
Cash in bank in Kon Tum Provincial Project Management Unit	379,818,999
Cash in bank in Kien Giang Provincial Project Management Unit	255,808,149
Cash in bank in Central Project Management Unit	234,626,926
Cash in bank in Can Tho Provincial Project Management Unit	198,924,002
Cash in bank in Tien Giang Provincial Project Management Unit	174,964,808
Cash in bank in Long An Provincial Project Management Unit	8,207,407
<b>Cash in state treasury</b>	<b>157,421,217</b>
Cash in state treasury in Can Tho Provincial Project Management Unit	88,171,657
Cash in state treasury in An Giang Provincial Project Management Unit	69,249,560
	<u><b>13,020,554,517</b></u>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

*(These notes are an integral part of and should be read in conjunction with the accompanying financial statements)*

**5.2. PREPAYMENTS TO SUPPLIERS**

	<u>31/12/2016</u> VND
<b>Prepayments to suppliers related to expenditures</b>	<b>10,548,504,105</b>
Central Project Management Unit	6,784,070,000
An Giang Provincial Project Management Unit	1,804,063,905
Hau Giang Provincial Project Management Unit	599,111,000
Dong Thap Provincial Project Management Unit	498,070,500
Tien Giang Provincial Project Management Unit	475,650,000
Dak Lak Provincial Project Management Unit	113,220,000
Gia Lai Provincial Project Management Unit	124,238,000
Kien Giang Provincial Project Management Unit	100,000,000
Soc Trang Provincial Project Management Unit	50,080,700
	<u><b>10,548,504,105</b></u>

**5.3. OTHER RECEIVABLES**

	<u>31/12/2016</u> VND
<b>Other receivables related to income</b>	<b>523</b>
Dong Thap Provincial Project Management Unit	523
<b>Other receivables related to IDA funds not yet fully granted</b>	<b>4,201,516,367</b>
Hau Giang Provincial Project Management Unit	2,055,739,126
Tien Giang Provincial Project Management Unit	861,263,915
Central Project Management Unit	711,392,870
An Giang Provincial Project Management Unit	295,382,163
Can Tho Provincial Project Management Unit	277,738,293
<b>Other receivables not related to income</b>	<b>220,521,500</b>
Dak Nong Provincial Project Management Unit	137,000,000
Kien Giang Provincial Project Management Unit	32,371,500
Soc Trang Provincial Project Management Unit	28,150,000
Tien Giang Provincial Project Management Unit	23,000,000
	<u><b>4,422,038,390</b></u>

**5.4. PAYABLES TO SUPPLIERS**

	<u>31/12/2016</u> VND
<b>Payables to suppliers related to expenditures</b>	<b>15,366,303,449</b>
Hau Giang Provincial Project Management Unit	3,368,427,849
Dak Nong Provincial Project Management Unit	2,037,057,428
Lam Dong Provincial Project Management Unit	1,727,616,100
An Giang Provincial Project Management Unit	1,435,515,805
Gia Lai Provincial Project Management Unit	1,404,258,000
Tien Giang Provincial Project Management Unit	1,303,384,773
Component A Project Management Unit	974,583,190
Central Project Management Unit	865,103,938
Kon Tum Provincial Project Management Unit	666,992,335
Soc Trang Provincial Project Management Unit	544,621,996
Can Tho Provincial Project Management Unit	507,176,638
Dong Thap Provincial Project Management Unit	474,917,897
Long An Provincial Project Management Unit	56,647,500
	<u><b>15,366,303,449</b></u>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

*(These notes are an integral part of and should be read in conjunction with the accompanying financial statements)*

**5.5. OTHER PAYABLES**

	<u>31/12/2016</u> VND
<b>Other payables related to income but not yet eligible to be added to IDA funds</b>	<b>430,214,282</b>
Soc Trang Provincial Project Management Unit	157,926,232
Kien Giang Provincial Project Management Unit	144,860,071
Dong Thap Provincial Project Management Unit	74,464,201
Long An Provincial Project Management Unit	52,963,778
<b>Other payables not related to income</b>	<b>61,394,838</b>
Hau Giang Provincial Project Management Unit	16,000,000
An Giang Provincial Project Management Unit	12,000,000
Dong Thap Provincial Project Management Unit	10,000,000
Kien Giang Provincial Project Management Unit	8,000,000
Long An Provincial Project Management Unit	7,500,000
Soc Trang Provincial Project Management Unit	5,886,022
Central Project Management Unit	2,000,000
Component A Project Management Unit	8,816
<b>Other payables related to expenditures</b>	<b>228,866,418</b>
Hau Giang Provincial Project Management Unit	90,792,200
An Giang Provincial Project Management Unit	52,844,500
Dak Lak Provincial Project Management Unit	49,447,415
Central Project Management Unit	18,157,592
Kon Tum Provincial Project Management Unit	7,533,967
Component A Project Management Unit	5,684,300
Soc Trang Provincial Project Management Unit	4,070,137
Lam Dong Provincial Project Management Unit	335,913
Dong Thap Provincial Project Management Unit	394
<b>Other payables not related to expenditures</b>	<b>200,000,000</b>
Soc Trang Provincial Project Management Unit	100,000,000
Central Project Management Unit	100,000,000
	<u><b>920,475,538</b></u>



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

(These notes are an integral part of and should be read in conjunction with the accompanying financial statements)

**5.6. IDA AMOUNTS RECEIVED**

	<u>From 09/7/2015 to 31/12/2016</u>	
	VND	USD equivalent
<b>Advance to the Designated Account</b>	<b>48,360,093,967</b>	<b>2,180,000.00</b>
Central Project Management Unit	24,903,860,000	1,118,000.00
Long An Provincial Project Management Unit	4,730,000,000	215,000.00
Tien Giang Provincial Project Management Unit	4,136,000,000	188,000.00
Kien Giang Provincial Project Management Unit	3,892,875,000	175,000.00
Hau Giang Provincial Project Management Unit	2,381,787,635	107,000.00
Soc Trang Provincial Project Management Unit	2,270,520,000	102,000.00
An Giang Provincial Project Management Unit	2,186,026,332	100,000.00
Can Tho Provincial Project Management Unit	2,188,400,000	100,000.00
Dong Thap Provincial Project Management Unit	1,670,625,000	75,000.00
<b>Replenish to the Designated Account</b>	<b>34,992,822,803</b>	<b>1,566,581.44</b>
Central Project Management Unit	17,429,122,939	777,951.09
Dong Thap Provincial Project Management Unit	5,002,220,000	224,000.00
An Giang Provincial Project Management Unit	3,292,080,000	150,000.00
Tien Giang Provincial Project Management Unit	2,792,736,085	124,642.97
Can Tho Provincial Project Management Unit	2,713,643,191	121,844.24
Soc Trang Provincial Project Management Unit	2,727,378,176	121,811.26
Hau Giang Provincial Project Management Unit	1,035,642,412	46,331.88
	<b>83,352,916,770</b>	<b>3,746,581.44</b>

**5.7. RECONCILIATION IDA FUNDS IN STATEMENT OF INCOMES AND EXPENDITURES TO IDA FUNDS RECEIPTS IN STATEMENT OF SOURCES AND USES OF FUNDS**

	<u>31/12/2016</u> VND
<b>Statement of Incomes and Expenditures</b>	
IDA funds [1]	87,124,218,855
<b>Statement of Sources and Uses of Funds</b>	
IDA funds Receipts [2]	82,922,702,488
<b>Difference [3] = [1] - [2]</b>	<b>4,201,516,367</b>
<b>Represented by [4]</b>	<b>4,201,516,367</b>
<i>Other receivables related to IDA funds not yet fully granted (Note 5.3)</i>	
Hau Giang Provincial Project Management Unit	2,055,739,126
Tien Giang Provincial Project Management Unit	861,263,915
Central Project Management Unit	711,392,870
An Giang Provincial Project Management Unit	295,382,163
Can Tho Provincial Project Management Unit	277,738,293

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

(These notes are an integral part of and should be read in conjunction with the accompanying financial statements)

**5.8. RECONCILIATION OF IDA FUNDS IN STATEMENT OF INCOMES AND EXPENDITURES TO IDA AMOUNTS RECEIVED (VND) IN NOTE TO FINANCIAL STATEMENTS NO. 5.6**

	<u>31/12/2016</u> VND
<b>Statement of Incomes and Expenditures</b>	
IDA funds [1]	87,124,218,855
<b>Note to Financial Statements No. 5.6</b>	
IDA amounts received [2]	83,352,916,770
<b>Difference [3] = [1] - [2]</b>	<u><b>3,771,302,085</b></u>
<b>Represented by [4] = [5] - [6]</b>	<b>3,771,302,085</b>
<i>Other receivables related to IDA funds not yet fully granted (Note 5.3) [5]</i>	4,201,516,367
Hau Giang Provincial Project Management Unit	2,055,739,126
Tien Giang Provincial Project Management Unit	861,263,915
Central Project Management Unit	711,392,870
An Giang Provincial Project Management Unit	295,382,163
Can Tho Provincial Project Management Unit	277,738,293
<i>Other payables related to income but not yet eligible to be added to IDA funds (Note 5.5) [6]</i>	430,214,282
Soc Trang Provincial Project Management Unit	157,926,232
Kien Giang Provincial Project Management Unit	144,860,071
Dong Thap Provincial Project Management Unit	74,464,201
Long An Provincial Project Management Unit	52,963,778

**5.9. RECONCILIATION OF EXPENDITURES IN STATEMENTS OF INCOMES AND EXPENDITURES TO DISBURSEMENT IN STATEMENTS OF SOURCES AND USES OF FUNDS**

	<u>31/12/2016</u> VND
<b>Statement of Incomes and Expenditures</b>	
Expenditures [1]	88,148,886,917
<b>Statement of Sources and Uses of Funds</b>	
Disbursements [2]	82,625,450,900
<b>Difference [3] = [1] - [2]</b>	<u><b>5,523,436,017</b></u>
<b>Represented by [4]</b>	<b>(5,523,436,017)</b>
<i>Balance Sheet</i>	
Prepayments to suppliers	10,548,504,105 ✓
Other receivables related to Income (Note No. 5.3)	523 ✓
Payables to supplies	(15,366,303,449) ✓
Taxes and payables to the State budget	(45,588,187) ✓
Payables to employees	(431,182,591) ✓
Other payables related to Expenditures (Note 5.5)	(228,866,418) ✓

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

*(These notes are an integral part of and should be read in conjunction with the accompanying financial statements)*

**5.10. COMPARATIVE FIGURES**

These non-credit line financial statements are prepared for the period from 09 July 2015 (the Project beginning date) to 31 December 2016, which leads to no comparative figures.



**Dang Minh Cuong  
Deputy Director**

*Hanoi, 27 June 2017*

Handwritten signature of Lam Anh Hung in blue ink.

**Lam Anh Hung  
Accountant in-charge**

Handwritten signature of Dao Minh Tan in blue ink.

**Dao Minh Tan  
Preparer**

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

(These notes are an integral part of and should be read in conjunction with the accompanying financial statements)

**6. NOTES TO FINANCIAL STATEMENTS OF CREDIT LINE**

**6.1. PLACEMENTS WITH OTHER FINANCIAL INSTITUTIONS AND LOANS TO OTHER FINANCIAL INSTITUTIONS**

	<u>31/12/2016</u>
	VND
<b>Placements with other credit institutions</b>	<b>176,631,334,966</b>
Demand deposits	176,631,334,966
- In VND	2,886,837
- In foreign currencies	176,628,448,129
<b>Loans to other credit institutions</b>	<b>27,926,000,000</b>
Loans to other credit institutions in VND	27,926,000,000
- Vietnam Technological and Commercial Joint Stock Bank	17,256,000,000
- An Binh Commercial Joint Stock Bank	10,000,000,000
- Co-operative Bank of Vietnam	480,000,000
- Orient Commercial Joint Stock Bank	190,000,000
Loans to other credit institutions in foreign currencies	-
<b>Provision for credit losses of placements with and loans to other credit institutions</b>	<b>(3,600,000)</b>
	<u><b>204,553,734,966</b></u>

**6.2. OTHER ASSETS**

	<u>31/12/2016</u>
	VND
<b>Interest and fee receivables</b>	<b>742,890,462</b>
- Joint Stock Commercial Bank for Investment and Development of Vietnam	732,982,045
- Vietnam Technological and Commercial Joint Stock Bank	5,033,000
- Orient Commercial Joint Stock Bank	55,417
- Co-operative Bank of Vietnam	280,000
- An Binh Commercial Joint Stock Bank	4,540,000
	<u><b>742,890,462</b></u>

**6.3. GRANTS, TRUSTED FUNDS AND BORROWINGS AT RISK OF THE CREDIT INSTITUTION**

	<u>31/12/2016</u>
	VND
Grants, trusted funds and borrowings in VND	27,926,000,171
Grants, trusted funds and borrowings in gold and foreign currencies	176,628,448,129
	<u><b>204,554,448,300</b></u>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

*(These notes are an integral part of and should be read in conjunction with the accompanying financial statements)*

**6.4. OTHER LIABILITIES**

	<u>31/12/2016</u>
	VND
<b>External payables</b>	<b>387,420,575</b>
In which:	
- Interest and fee payables to Ministry of Finance	387,420,575
- Taxes and other payables to the State Budget	-
	<u><b>387,420,575</b></u>

**6.5. INTEREST AND SIMILAR INCOME**

	<u>From 09 July 2015</u>
	<u>to 31 December 2016</u>
	VND
Interest income	3,586,455,644
Interest income from loans to other credit institutions	15,088,417
	<u><b>3,601,544,061</b></u>

**6.6. INTEREST AND SIMILAR EXPENSES**

	<u>From 09 July 2015</u>
	<u>to 31 December 2016</u>
	VND
Interest and fee payables to Ministry of Finance	3,160,577,632
	<u><b>3,160,577,632</b></u>

**6.7. NET LOSS FROM TRADING GOLD AND FOREIGN CURRENCIES**

	<u>From 09 July 2015</u>
	<u>to 31 December 2016</u>
	VND
Income from trading gold and foreign currencies	-
Expenses for trading gold and foreign currencies	(82,609,876)
Expenses for foreign exchange spot transactions	(82,609,876)
<b>Net loss from trading gold and foreign currencies</b>	<u><b>(82,609,876)</b></u>

**6.8. IDA FUNDS**

	<u>From 09 July 2015 to 31 December 2016</u>	
	VND	USD equivalent
Advance to Designated Account	204,746,000,550	9,200,000
	<u><b>204,746,000,550</b></u>	<u><b>9,200,000</b></u>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

*(These notes are an integral part of and should be read in conjunction with the accompanying financial statements)*

**6.9. COMPARATIVE FIGURES**

These credit line financial statements are prepared for the period from 09 July 2015 (the Project beginning date) to 31 December 2016, which leads to no comparative figures.



**Tran Anh Thu**  
Director

*Hanoi, 27 June 2017*

**Pham Hien Luong**  
Deputy Head of Planning  
and Financing Department

**Pham Thi Hong Trang**  
Preparer

**VIETNAM SUSTAINABLE AGRICULTURE TRANSFORMATION PROJECT**  
**Financing Agreement - Credit number Cr. 5704-VN**

**FINANCIAL STATEMENTS**  
**For the period from 09 July 2015 to 31 December 2016**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

*(These notes are an integral part of and should be read in conjunction with the accompanying financial statements)*

**ADDITIONAL INFORMATION OF SOURCES AND USES OF FUNDS OF NON-CREDIT LINE AND CREDIT LINE**

*For the period from 09 July 2015 (the Project beginning date) to 31 December 2016*

Unit: VND

No.	Contents	IDA funds	Counterpart funds	Other funds	Total
<b>A.</b>	<b>Receipts</b>	<b>287,668,703,038</b>	<b>11,898,363,463</b>	<b>2,858,653,599</b>	<b>302,425,720,100</b>
<b>I.</b>	<b>Non-credit line</b>	<b>82,922,702,488</b>	<b>11,898,363,463</b>	-	<b>94,821,065,951</b>
1	IDA funds	82,922,702,488		-	82,922,702,488
2	Counterpart funds		11,898,363,463	-	11,898,363,463
<b>II.</b>	<b>Credit line</b>	<b>204,746,000,550</b>	-	<b>2,858,653,599</b>	<b>207,604,654,149</b>
1	IDA credit	204,746,000,550	-	-	204,746,000,550
2	Received interest	-	-	2,853,473,599	2,853,473,599
3	Loan repayment from PFIs	-	-	5,180,000	5,180,000
<b>II.</b>	<b>Disbursements</b>	<b>99,163,918,907</b>	<b>11,387,531,993</b>	<b>2,773,157,057</b>	<b>113,324,607,957</b>
<b>I.</b>	<b>Non-credit line</b>	<b>71,237,918,907</b>	<b>11,387,531,993</b>	-	<b>82,625,450,900</b>
1	Component A: Institutional Strengthening to Support Agricultural Transformation	449,924,502	152,626,980	-	602,551,482
2	Component B: Supporting Sustainable Rice-Based Systems	33,247,135,323	4,092,360,369	-	37,339,495,692
3	Component C: Supporting Sustainable Coffee Production and Rejuvenation	11,118,227,439	332,738,000	-	11,450,965,439
4	Component D: Project management, Monitoring, and Evaluation	26,416,900,733	6,809,806,644	-	33,226,707,377
5	Others (Bank charges)	5,730,910	-	-	5,730,910
<b>II.</b>	<b>Credit line</b>	<b>27,926,000,000</b>	-	<b>2,773,157,057</b>	<b>30,699,157,057</b>
1	Sub-component B2: Supporting private sector investments in upgrading rice processing technology and facilities for high value and quality rice	10,000,000,000	-	-	10,000,000,000
2	Sub-component C2: Supporting sustainable coffee rejuvenation/ replanting	17,926,000,000	-	2,773,157,057	17,926,000,000
3	Interest paid to Ministry of Finance	-	-	-	2,773,157,057
<b>C.</b>	<b>Excess of Receipts over Disbursements</b>	<b>188,504,784,131</b>	<b>510,831,470</b>	<b>85,496,542</b>	<b>189,101,112,143</b>
<b>I.</b>	<b>Non-credit line</b>	<b>11,684,783,581</b>	<b>510,831,470</b>	-	<b>12,195,615,051</b>
<b>II.</b>	<b>Credit line</b>	<b>176,820,000,550</b>	-	<b>85,496,542</b>	<b>176,905,497,092</b>
	Exchange differences of Non-credit line	353,851,846	-	-	353,851,846
	Exchange differences of Credit line	(191,552,250)	-	(82,609,876)	(274,162,126)

**VIETNAM SUSTAINABLE AGRICULTURE TRANSFORMATION PROJECT**  
**Financing Agreement - Credit number Cr. 5704-VN**

**FINANCIAL STATEMENTS**  
**For the period from 09 July 2015 to 31 December 2016**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

*(These notes are an integral part of and should be read in conjunction with the accompanying financial statements)*

**ADDITIONAL INFORMATION OF SOURCES AND USES OF FUNDS OF NON-CREDIT LINE AND CREDIT LINE (Continued)**

*For the period from 09 July 2015 (the Project beginning date) to 31 December 2016*

No.	Contents	IDA funds	Counterpart funds	Other funds	Total
D.	Excess of Receipts over Disbursements - Opening	-	-	-	-
I.	Non-credit line	-	-	-	-
II.	Credit line	-	-	-	-
E.	Excess of Receipts over Disbursements - Closing	188,667,083,727	510,831,470	2,886,666	189,180,801,863
	Excess of Receipts over Disbursements of Non-credit line - Closing	12,038,635,427	510,831,470	-	12,549,466,897
	Excess of Receipts over Disbursements of Credit line - Closing	176,628,448,300	-	2,886,666	176,631,334,966

Unit: VND

**Represented by:**

Cash balance of Non-credit line and Credit line

Other receivables not related to income (see Note 5.3)

Other payables related to income but not yet eligible to be added to IDA funds (see Note 5.5)

Other payables not related to income (see Note 5.5)

Other payables not related to expenditures (see Note 5.5)

189,651,889,483  
 220,521,500  
 430,214,282  
 61,394,838  
 200,000,000

  
 BAN QUAN LY  
 CAC DU AN  
 NONG NGHIEP

**Dang Minh Cuong**  
**Deputy Director**



**Lam Anh Hung**  
**Project Accountant**



**Dao Minh Tan**  
**Preparer**

Hanoi, 27 June 2017

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**PART II**  
**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL**

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JAM  
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## REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL

**To: The Project Management Unit of the Vietnam Sustainable Agriculture Transformation Project**

We have audited the financial statements of the Vietnam Sustainable Agriculture Transformation Project (the "Project") for the period from 09 July 2015 (the Project beginning date) to 31 December 2016 in accordance with International Standards on Auditing and issued the Independent auditors' report thereon dated 27 June 2017 expressing an unmodified opinion on those financial statements.

In connection with our audit of the Project's financial statements, we also examined the effectiveness of internal control over compliance with requirements that could have a direct and material financial effect on the financial statements as well as of internal control over financial reporting.

As stated in the Statement of the Project Management Unit on page 2 and page 3, the Project Management Unit 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 takes responsibility for its assertions as to the effectiveness of such internal control. Our responsibility is to express an opinion on the effectiveness of internal control over compliance with requirements that could have a direct and material financial effect on the financial statements as well as internal control over financial reporting based on our examination.

Our examination was conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000. 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 Management Unit has maintained effective internal control over compliance with requirements that could have a direct and material financial effect on the financial statements as well as internal control over financial reporting.

Our examination included obtaining an understanding of internal control over compliance with requirements that could have a direct and material financial effect on the financial statements as well as of internal control over financial reporting, testing, and evaluating the design and operating effectiveness of the internal control, and performing such other procedures as we considered necessary in the circumstances to obtain sufficient appropriate evidence on which to base our opinion. Because of inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not to be detected. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.


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

In our opinion, the Project Management Unit has maintained, in all material respects, effective internal control over compliance with requirements that could have a direct and material financial effect on the Project's financial statements as well as over financial reporting for the period from 09 July 2015 (the Project beginning date) to 31 December 2016.



*[Signature]*

**Khúc Thị Lan Anh**  
**Deputy General Director**  
Audit Practising Registration Certificate  
No. 0036-2013-001-1



**Nguyen Anh Tuan**  
**Auditor**  
Audit Practising Registration Certificate  
No. 1472-2013-001-1

**DELOITTE VIETNAM COMPANY LIMITED**

27 June 2017  
Hanoi, S.R. Vietnam

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**PART III**

**INDEPENDENT ASSURANCE REPORT ON COMPLIANCE**

## INDEPENDENT ASSURANCE REPORT ON COMPLIANCE

**To: The Project Management Unit of the Vietnam Sustainable Agriculture Transformation Project in Vietnam**

We have audited the financial statements of the Vietnam Sustainable Agriculture Transformation Project (the "Project") for the period from 09 July 2015 (the Project beginning date) to 31 December 2016 in accordance with International Standards on Auditing and issued the Independent auditors' report thereon dated 27 June 2017 expressing an unmodified opinion on those financial statements.

In connection with the audit of the financial statements, we also performed procedures on the Project's compliance with Financing Agreement - Credit number Cr. 5704-VN, laws and regulations that could have a direct and material financial effect on the Project's financial statements for the period from 09 July 2015 (the Project beginning date) to 31 December 2016 (the "requirements").

The Project Management Unit is responsible for complying with Financing Agreement - Credit number Cr. 5704-VN, laws and regulations applicable to the Project. Our responsibility is to express an opinion on the Project's compliance with the requirements based on our procedures. We limited our tests of compliance to the requirements, and we did not test compliance with all laws and regulations applicable to the Project.

We performed our work in accordance with International Standard on Assurance Engagements (ISAE) 3000. 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 has complied with the requirements.

An assurance engagement to report on the compliance with the requirements at the Project involves performing procedures to obtain evidence about whether the Project's activities are free of material noncompliance with the requirements, including obtaining an understanding of the internal control relevant to the Project's compliance with the requirements. The procedures selected depend on the auditors' judgment, including the assessment of risks that the Project does not comply with the requirements and whether such noncompliance could have a direct and material financial 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.

In our opinion, the Project Management Unit has complied, in all material respects, with Financing Agreement - Credit number Cr. 5704-VN, laws and regulations that could have a direct and material financial effect on the Project's financial statements for the period from 09 July 2015 (the Project beginning date) to 31 December 2016.s



**Khúc Thị Lan Anh**  
Deputy General Director  
Audit Practising Registration Certificate  
No. 0036-2013-001-1

**DELOITTE VIETNAM COMPANY LIMITED**

27 June 2017  
Hanoi, S.R. Vietnam

**Nguyen Anh Tuan**  
Auditor  
Audit Practising Registration Certificate  
No. 1472-2013-001-1