

Ministry of Industry and Commerce

**Micro, Small and Medium Enterprise Access to
Finance Emergency Support and Recovery Project
(MSMEA2F-ESR)**

**Financial Statements
and
Independent Auditors' Report
For the year ended 31 December 2022**

Ministry of Industry and Commerce
Micro, Small and Medium Enterprise Access to
Finance Emergency Support and Recovery Project

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Micro, Small and Medium Enterprise Access to
Finance Emergency Support and Recovery Project

Project information

Project	Micro, Small and Medium Enterprise Access to Finance Emergency Support and Recovery Project (MSMEA2F-ESR) IDA 6790-LA
Funding agencies	International Development Association (IDA)
Duration	11 November 2020 – 28 November 2025
Implementing agency	Department of Small and Medium Enterprise Promotion Ministry of Industry and Commerce (MOIC)
Project management	Dr. Bounpheng Sibounheung, Project Director
Registered office	Ministry of Industry and Commerce (MOIC) Phonexay Road, Ban Phonexay, Saysettha District, PO Box 4107, Vientiane Capital, Lao PDR
Auditors	KPMG Lao Co., Ltd. 10th Floor, Royal Square Office Building, Samsenthai Road, Nongduong Nua Village, Sikhotabong District, P.O. Box 6978, Vientiane, Lao PDR Tel +856 (21) 454240-7



Statement of Management's Responsibilities

It is the responsibility of management to prepare financial statements of the Micro, Small, and Medium Enterprise Access to Finance Emergency Support and Recovery Project ("the Project") for the year ended 31 December 2022, which are prepared in all material respect in accordance with the accounting policies as described in Note 2 to the financial statements. In preparing these 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 based on the accounting policies described in Note 2; and
- Prepare the financial statement on going concern basic under it is inappropriate to assume that the Project will continue operations in the foreseeable future.

Project Management of Micro, Small and Medium Enterprise Access to Finance Emergency Support and Recovery Project is responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the Project. Members of project management have general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Project and to prevent and detect fraud and other irregularities.

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

On behalf of the management

Dr. Bounpheng Sibounheung
Project Director
Department of SME Promotion
Ministry of Industry and Commerce
Date: 5 May 2023



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Independent Auditors' Report

To the Project management of the Micro, Small, and Medium Enterprise Access to Finance Emergency Support and Recovery Project (MSMEA2F-ESR)

Opinion

We have audited the financial statements of the Micro, Small, and Medium Enterprise Access to Finance Emergency Support and Recovery Project ("MSMEA2F-ESR" or "the Project"), which comprise the statement of designated account fund balance as at 31 December 2022, and statement of cash receipts and payments by component and statement of cash receipts and payments by category for the year ended 31 December 2022, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of the Project, the statement of designated account fund balance as at 31 December 2022, and results of the Project for the year ended 31 December 2022 are prepared, in all material respects in accordance with the 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Project in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standard) (IESBA Code) 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 - Basic of Accounting and Restriction on Distribution and Use

We draw attention to Note 2(a) to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist Project management to report to the donor. As a result, the financial statements may not be suitable for other purposes. Our report is intended solely for the Project and its donor and should not be used by or distributed to other parties.

Responsibilities of Management for the Financial Statements

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



In preparing the financial statements, management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to the 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.

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

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

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

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

KPMG Lao Co., Ltd.
KPMG Lao Co., Ltd.
Vientiane Capital, Lao PDR
Date: 5 May 2023



Ministry of Industry and Commerce
Micro, Small and Medium Enterprise Access to
Finance Emergency Support and Recovery Project
Statement of designed account fund balance

<i>In USD</i>	<i>Note</i>	31 December 2022	31 December 2021
Fund balance at the beginning of the year		242,373	-
Excess of receipts over payments		1,064,280	242,373
Fund Balance at the end of the year		1,306,653	242,373
Represented by:			
Cash and cash equivalents	7	749,693	242,373
Advances	8	556,960	-
		1,306,653	242,373

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



[Handwritten signature]
 Dr. Bounpheng Sibounheung
 Project Director
 Department of SME Promotion
 Ministry of Industry and Commerce
 Date: 5 May 2023

Ministry of Industry and Commerce
Micro, Small and Medium Enterprise Access to
Finance Emergency Support and Recovery Project
Statement of cash receipts and payments by component

<i>In USD</i>	<i>Note</i>	For the period from		Cumulative to date
		1 January to 31 December 2022	21 January to 31 December 2021	
Receipts	3	9,774,401	588,667	10,363,068
Payments				
Component 1: Emergency and recovery line of credit to MSMEs	4	(7,799,750)	-	(7,799,750)
Component 2: Strengthening Bank of Lao PDR (BOL) capacity to monitoring and supervise PCG facility	5	(183,691)	-	(183,691)
Component 3: Technical assistance and Project management	6	(726,680)	(346,294)	(1,072,974)
Total payments		<u>(8,710,121)</u>	<u>(346,294)</u>	<u>(9,056,415)</u>
Excess of receipt over payments		<u>1,064,280</u>	<u>242,373</u>	<u>1,306,653</u>

The accompanying notes are an integral part of these financial statements



[Signature]
 Dr. Bounpheng Sibounheung
 Project Director
 Department of SME Promotion
 Ministry of Industry and Commerce
 Date: 5 May 2023

Ministry of Industry and Commerce
Micro, Small and Medium Enterprise Access to
Finance Emergency Support and Recovery Project
Statement of cash receipts and payments by category

<i>In USD</i>	<i>Note</i>	For the period from		Cumulative to date
		1 January to 31 December 2022	21 January to 31 December 2021	
Receipts	3	9,774,401	588,667	10,363,068
Payments				
Line of credit	4	(7,799,750)	-	(7,799,750)
Strengthening Bank of Lao PDR (BOL) capacity to monitoring and supervise PCG facility	5	(183,691)	-	(183,691)
Consultant service		(501,055)	(217,976)	(719,031)
Training and workshop		(178,402)	(21,860)	(200,262)
Incremental operating cost		(47,223)	(58,917)	(106,140)
Goods		-	(47,541)	(47,541)
Total payments		(8,710,121)	(346,294)	(9,056,415)
Excess of receipt over payments		1,064,280	242,373	1,306,653

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



[Signature]
 Dr. Bounpheng Sibounheung
 Project Director
 Department of SME Promotion
 Ministry of Industry and Commerce
 Date: 5 May 2023

Ministry of Industry and Commerce
Micro, Small and Medium Enterprise Access to
Finance Emergency Support and Recovery Project
Notes to the financial statements
For the year ended 31 December 2022

1. Principal activities

The Micro, Small, and Medium Enterprise Access to Finance Emergency Support and Recovery (MSMEA2F-ESR) project is funded by the International Development Association or IDA to be implemented between 11 November 2020 to 28 November 2025. The MSMEA2F-ESR project aims to enhance access to finance for MSMEs in the context of the COVID-19 emergency and recovery.

The objective of the project is to increase the supply of long-term finance provided by commercial banks and to strengthen the capability of DOSMEP to formulate and implement public policies that promote access to finance for SMEs.

The Project consists of the following components:

Component 1: Emergency and Recovery Line of Credit to MSMEs

This component will provide LoCs to eligible PFIs, which will on lend funds to MSMEs and bear the credit risk. DOSMEP will serve as the apex entity as it has done under the original SME A2F Project where it developed the requisite experience to manage and monitor loan funds prudently and allocate them in line with agreed selection criteria. The BOL, which is represented on the PSC, will provide support as needed, particularly related to the monitoring of PFIs' financial performance. The project will offer two windows: i) emergency; and ii) recovery, with separate pricing arrangements for each. The emergency window aims to address MSMEs liquidity challenges and will strive to offer below market interest rates to final borrowers during the emergency phase.

Component 2: Strengthening Bank of Lao PDR (BOL) Capacity to Monitoring and Supervise PCG Facility

The project will provide TA to the BOL to support its efforts in establishing a PCG to support continued access to finance for MSMEs by reducing credit risk for PFIs, thereby addressing current issues of risk aversion. The TA will draw on 'Principles for Public Credit Guarantee Schemes for SMEs', tailored to the Lao context. The report outlines 16 key principles in the areas of legal and regulatory environment, corporate governance and risk management, operational framework, and monitoring and evaluation (M&E). The institutional setup of the new facility, whether public or public-private partnership, will be determined by the Government during project implementation and will be informed by recommendations of the feasibility study which will be financed under the current SME A2F Project. The project will provide support to BOL to strengthen its capacity to supervise and monitor the PCG facility (PCG Fund), in line with the Principles for Public Credit Guarantee Schemes for SMEs.

Component 3: Technical Assistance ("TA") and Project Management

This component will provide TA to strengthen the capacity of commercial banks, MSMEs, DOSMEP other institutions supporting MSMEs including business associations, BDS providers, as well as project implementation and M&E, including the MOIC. Given the emergency nature of the project, the TA component will have a narrow focus on supporting the implementation of Components 1 and 2, building off of previous TA and allowing for a minimal amount of new TA to support DOSMEP policies and programs. The main areas of TA include the following:

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1. Principal activities (continued)

- TA to PFIs and other Finance Institutions- The TA to commercial banks program, launched under the MSME A2F ESR Project, will be continued and expanded to additional banks and aim to promote changes in banks' business models and capacity to better serve MSMEs. The TA will incorporate lessons learned from existing TA, including the need to obtain senior management commitment and to provide longer-term support to PFIs to ensure the transfer of knowledge. The TA will be offered to additional banks and Micro Finance Institutions (the current project only supports four banks).
- TA to MSMEs - Building on the successful activity carried out under the SME A2F Project, the new project will leverage BDS providers trained under the initial project (11 in total) and contract several to provide tailored TA to MSMEs designed to facilitate access to finance. The assistance will not overlap or crowd out other support that is already being provided by other donor institutions to MSMEs.
- TA to DOSMEP - The TA will support the strengthening of DOSMEP capabilities to formulate and implement an updated SME development strategy and to implement and monitor the project, including ensuring compliance with the World Bank's social and environmental operational policies. The design and scope of this component will be kept flexible so as to cover the needs as they arise.
- Monitoring and Evaluation - The project will enhance the existing M&E framework by conducting World Bank COVID-19 Business Pulse Surveys, which is a rapid survey to collect high-frequency data from enterprises to better understand the impact of the COVID-19 pandemic on businesses across countries, with a particular focus on MSMEs. The results of the survey will be used to inform government responses aiming to support businesses during the crisis, as well as tracking the recovery process.

2. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Project in the preparation of these financial statements:

a) Basis of financial statements preparation

The financial statements are prepared in accordance with the accounting policies of the Project consist of the statement of designated account fund balance, statement of cash receipts and payments by component and statement of cash receipts and payments by category, which is expressed in United States Dollars ("USD"). The financial statements have, therefore, not been designed for those who are not familiar with the accounting policies of the Project.

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For the year ended 31 December 2022

2. Summary of significant accounting policies (continued)

a) Basis of financial statements preparation (continued)

The financial statements have been prepared in accordance with modified cash basis of accounting where except for cash advances, which are recognized as receivables and are recorded as expense only after the liquidation and presentation of documents. Under this basis of accounting, receipts are recognised when funds are received in cash rather than when earned and payments are recognised when made rather than when incurred. This is a comprehensive basis of accounting that is designed to meet the requirements of the Project and its donors; it is not designed to produce financial statements that are compatible with International Financial Reporting Standards or other prominent generally accepted accounting principles.

a) Fixed assets

All purchases of fixed assets are recorded as payments in the statement of cash receipts and payments upon acquisition. The Project maintains a Fixed Assets Register for control purposes.

b) Cash and cash equivalents

Cash comprises cash on hand and balances with banks.

c) Foreign exchange

The Project maintains its accounting records in USD in accordance with the Credit agreement. All cash is held in USD. Transactions in currencies other than USD during the period have been translated into USD at rates approximating those ruling at the transaction dates. All exchange differences are recorded in the statement of cash receipts and payments.

d) Accounting reporting period

The general financial accounting starts on 1 January and ends on 31 December.

For the period from 21 January 2021 to 31 December 2021 is the first financial year since the project started (effective date). Consequently, the statement of cash receipts and payments by component and statement of cash receipts and payments by category for the year ended 31 December 2022 comprise for twelve months whereas the comparative information presented for the period from 21 January 2021 to 31 December 2021 cover only eleven months and ten days, which result in the period present being not comparable.

e) Comparison of budget and actual payments

The approved budget is developed on the same accounting basis, same classification basis and for the same period as for the financial statements.

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Notes to the financial statements
For the year ended 31 December 2022

2. Summary of significant accounting policies (continued)

f) Receipt recognition

Fund receipt from IDA is recognized as receipt when cash is credited to the project's designated account. The IDA may make direct payments, at the Project's request, directly to a third party for eligible expenditures.

g) Payment recognition

Payments incurred in the framework of the Credit Agreement are recognised on the cash basis of accounting, i.e. when the payments are made.

Categories of payments

I. Consultants' Services, Non-Consultant services; Training and workshop, Incremental Operating Costs and Goods

The reasonable costs of goods and non-consulting services required or the day to day coordination, administration and supervision of project, including leasing and/or routine repair and maintenance of vehicles, equipment, facilities and office premises, fuel, office supplies, utilities, consumables, communication expenses (including postage, telephone and internet costs), translation, printing and photocopying expenses, bank charges, publications and advertising expense, insurance, Project-related meeting expense, Project – related travel, subsistence and lodging expenses , and other administrative costs directly related to the project, but excluding salaries, bonuses, fee and honoraria or equivalent payments of members of the recipient's civil service.

II. Direct payments

The IDA may make direct payments, at the Project's request, directly to a third party for eligible expenditures.

III. Line of credit to Participating Financial Institutions ("PFIs")

Line of credit facility is provided under the financing agreement for the Micro, Small and Medium Enterprise ("MSME") to provide loans to small and medium-scale borrowers for expanding their production activities and employment.

h) Advances

Advances, for activities such as workshops, conferences, monitoring trips, are reimbursable to the Project until expensed by the Implementing Agencies (IA). Advances are recognized as expenditure after the advance has been liquidated and the expenses reports are approved. Advances are requested by IA from the Project through formal advance request forms.

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Notes to the financial statements
For the year ended 31 December 2022

3. Receipts

<i>In USD</i>	For the period from		Cumulative to date
	1 January to 31 December 2022	21 January to 31 December 2021	
Advance to designated account 1			
10 February 2022	824,154	-	824,154
11 November 2022	355,853	-	355,853
18 March 2021	-	588,667	588,667
	1,180,007	588,667	1,768,674
Advance to designated account 2-LOC			
10 May 2022	3,242,187	-	3,242,187
19 September 2022	4,893,946	-	4,893,946
11 October 2022	458,261	-	458,261
	8,594,394	-	8,594,394
Total	9,774,401	588,667	10,363,068

4. Emergency and recovery line of credit to MSMEs

<i>In USD</i>	For the period from		Cumulative to date
	1 January to 31 December 2022	21 January to 31 December 2021	
Refinancing			
Maruhan Japan Bank Lao	2,330,214	-	2,330,214
VietinBank Lao	1,947,235	-	1,947,235
Sacombank Lao	1,607,782	-	1,607,782
Lao-Viet Bank	1,110,779	-	1,110,779
Lao China Bank	448,572	-	448,572
	7,444,582	-	7,444,582
Regular financing			
Maruhan Japan Bank Lao	335,168	-	335,168
Total	7,799,750	-	7,799,750

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Notes to the financial statements
For the year ended 31 December 2022

5. Strengthening Bank of Lao PDR (BOL) capacity to monitoring and supervise PCG facility

<i>In USD</i>	For the period from		Cumulative to date
	1 January to 31 December 2022	21 January to 31 December 2021	
Consultant service			
International consultants	130,085	-	130,085
National consultants	17,887	-	17,887
	147,972	-	147,972
Training and workshop			
Training and workshop	21,372	-	21,372
	21,372	-	21,372
Incremental operating cost			
Document Translation	13,455	-	13,455
Office supplies and drinking	375	-	374
Office stationery	316	-	316
Fuel and transport cost	134	-	134
Others	67	-	67
	14,347	-	14,347
Total	183,691	-	183,691

6. Technical Assistance and Project Management

<i>In USD</i>	For the period from		Cumulative to date
	1 January to 31 December 2022	21 January to 31 December 2021	
Consultant Service			
International consultants	217,408	29,718	247,126
National consultants	283,647	188,258	471,905
	501,055	217,976	719,031
Training and workshop			
Training and workshop	178,402	21,860	200,262
	178,402	21,860	200,262

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Notes to the financial statements
For the year ended 31 December 2022

6. Technical Assistance and Project Management (continued)

<i>In USD</i>	For the period from		Cumulative to date
	1 January to 31 December 2022	21 January to 31 December 2021	
Incremental Operating Cost			
Document Translation	13,485	7,317	20,802
Office stationery	5,732	3,831	9,563
Project driver	5,648	4,950	10,598
Administrative Assistant	4,760	-	4,760
Office supplies and drinking	4,758	5,521	10,279
Public Relation tools (printing)	4,663	17,853	22,519
Communication & advertising	2,093	5,874	7,967
Vehicle maintenance and insurance	1,599	2,840	4,439
Fuel for office car	1,445	1,203	2,648
Contract registration and other	1,057	1,845	2,902
Others	1,533	7,683	9,216
	47,223	58,917	106,140
Goods			
IT equipment	-	25,331	25,331
Office equipment	-	11,393	11,393
Office furniture	-	7,945	7,945
Accounting and statistic software	-	2,872	2,872
	-	47,541	47,541
Total	726,680	346,294	1,072,974

7. Cash on hand and cash at bank

<i>In USD</i>	31 December 2022	31 December 2021
Designated bank account – Technical assistance: Bank of Lao PDR	467,804	141,540
Designated bank account – Line of credit: Bank of Lao PDR	237,939	-
Operating bank account	43,945	100,830
Cash on hand	5	3
Total	749,693	242,373

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8. Advances

<i>In USD</i>	31 December 2022	31 December 2021
PFI – Maruhan Japan Bank Lao	556,805	-
Department of SME Promotion	155	-
Total	556,960	-

9. Commitments

<i>In USD</i>	31 December 2022	31 December 2021
Consultant Services	1,027,322	1,009,284
Goods	31,302	-
Total	1,058,624	1,009,284

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Notes to the financial statements
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(Appendix 1)

This table represents the use of funds by category, as set out in the Project Appraisal Document ("PAD"), compared with the current budget. *(Financing Agreement IDA 6790-LA dated 11 November 2020)									
<i>In USD</i>	Actual		Budget		Variance			Project document *	
Category	31 December 2022	Cumulative to date	31 December 2022	Cumulative to date	31 December 2022	Cumulative to date	Cumulative to date (%)	Total budget	Remaining budget as at 31 December 2022
Line of credit	7,799,750	7,799,750	13,000,000	13,000,000	5,200,250	5,200,250	60%	34,000,000	26,200,250
Strengthening BOL Capacity to Supervise PCG Facility	183,691	183,691	427,023	427,023	243,332	243,332	43%	1,000,000	816,309
Technical Assistance	726,680	1,072,974	1,184,539	1,530,833	457,859	457,859	70%	5,000,000	3,927,026
Goods*	-	47,541	160,634	208,175	160,634	160,634	23%		
Consultant Services*	501,055	719,031	746,402	964,379	245,347	245,347	75%		
Training and workshop*	178,402	200,262	212,138	233,997	33,736	33,736	86%		
Incremental operating cost*	47,223	106,140	65,365	124,282	18,142	18,142	85%		
Total expenses	8,710,121	9,056,415	14,611,562	14,957,856	5,901,441	5,901,441	61%	40,000,000	30,943,585

*These categories are under Technical Assistance which do not have specific budget for each categories, it depends on management to manage the expenditure for each categories to not exceed or equal to total budget of Technical Assistance.

**Ministry of Industry and Commerce
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Comparison of budget and actual payment
For the year ended 31 December 2022**

(Appendix 1)

Analysis of variance between budget and actual payment (Not audited)

In overall, the budget utilization for this reporting period meets 60% represented by Line of credit ("LOC") 60% and Technical Assistance ("TA") 56%, the main reasons for low budget utilization due to depreciate of Lao Kip currency for LOC category. the original refinancing budget approved by each Participant Financial Institutes ("PFIs") applied exchange rate at LAK 9,500/USD. but actual exchange rate when fund transferred to PFIs was LAK 13,218-16,888/USD and for the regular financing phase for 4 PFIs still in the process of approval. In addition, for the budget utilisation under TA component only 40% mainly due to budget for procurement of goods still pending and also budget for consultants underutilisation compare to 10 planned (for more details -see below explanation).

Payment by category

Line of Credit:

The budget for the period including: 1) Refinancing USD 13.42 million, during the year the project plan to disburse to remain 5 FPIs and 2) regular financing USD 1 million as plan to disburse to all 5 PFIs during the second half year period. The actual refinancing disbursed to 5 PFIs in LAK as the same budgeted amount, but when fund convert to USD, only USD 7.80 million due to LAK depreciation from 9,500 to 13,218-16,888 Kip/USD. in addition, for the regular financing expense record in this period arrived from reducing advance balance at the Maruhan Japan Bank Lao.

Strengthening BOL capacity to Supervise PCG Facility

During the reporting period, actual expenditure of USD 183,691 has been recorded for Strengthening BOL Capacity to supervise PCG Facility Budget. The unspent variance of USD 243,332 resulting in utilization rate met only 43% of the period budget plan, the reason for not achieve budget plan mainly due to consultant firm to assist the project to establish LCGF under procurement process and related activities also not yet implementation. in addition, the procurement of IT equipment and office furniture already signed the contract during the period and goods delivery and payment will be made in early year 2023.

Goods

During the reporting period, there was no payment under this category due to the budget for procurement of two vehicles just got approval from Ministry of Finance and NOL from the World Bank in January 2023 and now under the procurement process. In addition, the procurement of IT equipment already procured, and contract signed in December 2022, but goods delivery and payment will be made in early year 2023.

Consultant Services

During the reporting period, actual expenditure of USD 501,055 has been recorded for consultant services. There is unspent variance of USD 245,347, resulting in utilization rate of 75% of the budget plan. The TA to SME (selection of 5 BDS provider) still not procured and cancelled of some consultants in the budget line. In addition, the on board consultants

**Ministry of Industry and Commerce
Micro, Small and Medium Enterprise Access to
Finance Emergency Support and Recovery Project
Comparison of budget and actual payment
For the year ended 31 December 2022**

(Appendix 1)

payment less than budgeted amount due to time spent and deliverable not complete during the period.

Training and Workshop:

For this reporting period, expenditure of USD 178,402 has been recorded for this category. There is unspent variance of USD 33,736, resulting in utilization of 86% of budget for the reporting period. This period the main activities implementation in line with the time frame and some may postpone to the next fiscal year workplan.

Incremental Operating Cost:

During the reporting period, actual expenditure of USD 47,223 has been recorded for IOC. The unspent variance of USD 18,142, resulting in utilization rate of 85% of the budget, mainly due to no printing budget utilise and less payment under public relation tools and activities.