Public Disclosure Authorized

North East and Red River Delta Regions Health System Support Project

(Under the Financing Agreement No. IDA 5259 – VN between the Government of the Socialist Republic of Vietnam and the International Development Association (IDA))

Financial statements

For the year ended 31 December 2018

2019 -06- 28

North East and Red River Delta Regions Health System Support Project

Under the Financing Agreement No. IDA 5259 – VN between the Government of the Socialist Republic of Vietnam and the International Development Association (IDA)

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North East and Red River Delta Regions Health System Support Project

Under the Financing Agreement No. IDA 5259 – VN between the Government of the Socialist Republic of Vietnam and the International Development Association (IDA)

REPORT OF THE PROJECT MANAGEMENT

The management of North East and Red River Delta Regions Health System Support Project (the "Project") presents this report and its financial statements as at 31 December 2018 and for the year then ended.

THE PROJECT MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Project management is responsible for the financial statements as at 31 December 2018 and for the year then ended which give a true and fair view of:

- the assets, liabilities and fund balance as at 31 December 2018;
- the receipt, expenditure and fund balance for the year ended 31 December 2018;
- the statement of cash flows of the Project for the year ended 31 December 2018;
- the balances of the designated account as at 31 December 2018 and the movements of this account for the year then ended; and
- the statements of expenditures (SOEs) for the year ended 31 December 2018.

In preparing these financial statements, the Project management is required to:

- select suitable accounting policies and then apply them consistently in accordance with the International Public Sector Accounting Standards ("IPSAS"); the Financing Agreement No. IDA 5259 – VN ("Financing Agreement") between the Government of the Socialist Republic of Vietnam and the International Development Association ("IDA"); the Project Operation Manual ("POM");
- state whether applicable accounting policies have been followed, subject to any material departures disclosed and explained in the financial statements; and
- design and implement an effective internal control to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

The Project management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy, the Project's assets, liabilities and fund balance; its receipt and expenditure and its cash flows for the reporting period and accounting books in compliance with applicable accounting policies. They are also responsible for safeguarding the assets of the Project and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

STATEMENT BY THE PROJECT MANAGEMENT

The Project management does hereby state that, in its opinion:

- the accompanying financial statements give a true and fair view of the fund balance of the Project as at 31 December 2018, its receipt and expenditure and its cash flows for the year then ended, the balance of designated account as at 31 December 2018 and its movements for the year then ended and the statement of expenditures for the year ended 31 December 2018 in accordance with IPSAS, Financing Agreement and POM;
- the funds provided by IDA and the Government of Vietnam are utilized for the purposes defined in the Financing Agreement;
- the Project complies with the Financing Agreement, POM, and other applicable law and regulations; and
- the Project designs and implements an effective internal control to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error, as well as to ensure compliance with the Financing Agreement, POM, law and regulations applicable to the Project.

For and on behalf of the Project management:

BAN QUẢN LÝ DỰ ÁN HỖ TRỢ Y TẾ CÁC TỈNH ĐÔNG BẮC BỘ VÀ ĐỒNG BẰNG SÔNG HỒNG

Mr Dang Viet Hung
Project Director

Hanoi, Vietnam

27 June 2019

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To: The Central Project Management Unit of North East and Red River Delta Regions Health System Support Project

Opinion

We have audited the financial statements of North East and Red River Delta Regions Health System Support Project ("the Project"), as set out on pages 5 to 26, which comprise the balance sheet as at 31 December 2018, the statement of receipt, expenditure and fund balance as at 31 December 2018 and for the year then ended, the statement of cash flows, the statement of designated account and the statement of expenditures for the year ended 31 December 2018, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Project as at 31 December 2018 and for the year then ended are prepared, in all material respects, in accordance with the accounting policies as described in Note 3 to the financial statements and the Project Operation Manual ("POM").

Basis for Opinion

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

Accounting Policies

We draw attention to Note 3 to the financial statements, which describes the accounting policies. Our opinion is not modified in respect of this matter.

Responsibilities of the Central Project Management Unit to the Financial Statements

The Central Project Management Unit is responsible for the preparation of these financial statements in accordance with the accounting policies as described in Note 3 to the financial statements and POM, and for such internal control as the Project management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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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 ISA 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 ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We communicate with the Central 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.

For and on behalf of Ernst & Young Vietnam Limited

CÔNG TY TNHH ERNST & YOUNG VIỆT NAM CHI NHÁNH HÀ NỘI

Bui Anh Tuan
Deputy General Director
Audit Practicing Registration
Certificate No. 1067-2018-004-1

Hanoi, Vietnam

27 June 2019

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North East and Red River Delta Regions Health System Support Project

Under the Financing Agreement No. IDA 5259 – VN between the Government of the Socialist Republic of Vietnam and the International Development Association (IDA)

BALANCE SHEET
as at 31 December 2018

Currency: VND

	Notes	*Ending balance*	*Beginning balance*
ASSETS			
Cash	4	145,015,224,824	229,034,865,227
Advances to suppliers	5.1	1,496,707,710	17,221,989,960
Advances to Project's implementation partners	5.2	527,269,540	9,639,305,568
Advances to Project's staff	5.3	159,224,023	738,313,885
Other receivables	6	-	2,000,000
		147,198,651,097	**256,636,474,640**
LIABILITIES AND FUND BALANCE			
Payables to suppliers	7.1	33,997,780,194	139,400,149,908
Payables to Project's implementation partners	7.2	19,771,554,754	25,627,508,444
Payables to Project's staff	7.3	101,341,490	385,235,818
Other payables	8	836,714,684	5,363,174,158
Fund balance		92,491,259,975	85,860,406,312
		147,198,651,097	**256,636,474,640**

Ms Dang Thi Phuong Nga
Chief Accountant

BAN QUẢN LÝ DỰ ÁN HỖ TRỢ Y TẾ CÁC TỈNH ĐÔNG BẮC BỘ VÀ ĐỒNG BẰNG SÔNG HỒNG

Mr Dang Viet Hung
Project Director

Hanoi, Vietnam

27 June 2019

North East and Red River Delta Regions Health System Support Project

Under the Financing Agreement No. IDA 5259 – VN between the Government of the Socialist Republic of Vietnam and the International Development Association (IDA)

STATEMENT OF INCOME, EXPENDITURE AND FUND BALANCE
as at 31 December 2018 and for the year then ended

Currency: VND

	Notes	*For the year ended 31 December 2018*	*Cumulative for the period from 17 October 2013 to 31 December 2018*
RECEIPT			
Contribution from the International Development Association	9	386,874,683,036	1,890,218,304,440
Contribution from the Government of Vietnam	10	12,100,529,215	72,897,809,997
Bank interests	11	(3,603,156)	207,465,264
Other receipts	12	(54,195,000)	141,402,435
TOTAL RECEIPT		**398,917,414,095**	**1,963,464,982,136**
EXPENDITURE	**13**		
Component I: Strengthening the capacity of lower level hospitals to deliver quality services		340,223,826,009	1,636,674,531,383
Component II: Reducing the financial barriers to access health services for the economically vulnerable people		44,653,927,060	182,199,749,113
Component III: Project management, monitoring and evaluation		20,308,269,776	92,743,168,368
TOTAL EXPENDITURE		**405,186,022,845**	**1,911,617,448,864**
(DEFICIT)/SURPLUS OF RECEIPT OVER EXPENDITURE		**(6,268,608,750)**	**51,847,533,272**
Foreign exchange differences		12,899,462,413	40,643,726,703
FUND BALANCE AT THE BEGINNING OF THE YEAR/PERIOD		**85,860,406,312**	**-**
FUND BALANCE AT THE END OF THE YEAR/PERIOD		**92,491,259,975**	**92,491,259,975**

Ms Dang Thi Phuong Nga
Chief Accountant

BAN QUẢN LÝ DỰ ÁN HỖ TRỢ Y TẾ CÁC TỈNH ĐÔNG BẮC BỘ VÀ ĐỒNG BẰNG SÔNG HỒNG

Mr Dang Viet Hung
Project Director

Hanoi, Vietnam

27 June 2019

North East and Red River Delta Regions Health System Support Project

Under the Financing Agreement No. IDA 5259 – VN between the Government of the Socialist Republic of Vietnam and the International Development Association (IDA)

CASH FLOW STATEMENT
as at 31 December 2018 and for the year then ended

Currency: VND

	Notes	*For the year ended 31 December 2018*	*Cumulative for the period from 17 October 2013 to 31 December 2018*
(Deficit)/surplus of receipt over expenditure during the year/period		**(6,268,608,750)**	**51,847,533,272**
Decrease/(increase) in advances		25,416,183,140	(2,183,426,273)
Decrease in other receivables		2,000,000	-
(Decrease)/increase in payables		(116,068,677,206)	54,707,391,122
Net cash flows (used in)/from operating activities of the Project		**(96,919,102,816)**	**104,371,498,121**
Net cash flows from investing activities of the Project		-	-
Net cash flows from financing activities of the Project		-	-
Net (decrease)/increase in cash		**(96,919,102,816)**	**104,371,498,121**
Cash at beginning of the year/period		**229,034,865,227**	-
Foreign exchange differences		12,899,462,413	40,643,726,703
Cash at end of the year/period	**4**	**145,015,224,824**	**145,015,224,824**

Ms Dang Thi Phuong Nga
Chief Accountant

BAN QUẢN LÝ DỰ ÁN HỖ TRỢ Y TẾ CÁC TỈNH ĐÔNG BẮC BỘ VÀ ĐỒNG BẰNG SÔNG HỒNG

Mr Dang Viet Hung
Project Director

Hanoi, Vietnam

27 June 2019

North East and Red River Delta Regions Health System Support Project

Under the Financing Agreement No. IDA 5259 – VN between the Government of the Socialist Republic of Vietnam and the International Development Association (IDA)

STATEMENT OF DESIGNATED ACCOUNT
as at 31 December 2018 and for the year then ended

RECONCILIATION OF DESIGNATED ACCOUNT

Currency: USD

	Cumulative up to 31 December 2018
Advance withdrawal	**15,000,000**
Balance of designated account as at 31 December 2018	**5,743,990**
Increase:	
Amount withdrawn and not yet claimed as at 31 December 2018	9,256,010
Total advance to designated account as at 31 December 2018	**15,000,000**

Ms Dang Thi Phuong Nga
Chief Accountant

BAN QUẢN LÝ DỰ ÁN HỖ TRỢ Y TẾ CÁC TỈNH ĐÔNG BẮC BỘ VÀ ĐỒNG BẰNG SÔNG HỒNG

Mr Dang Viet Hung
Project Director

Hanoi, Vietnam

27 June 2019

STATEMENT OF DESIGNATED ACCOUNT (continued)
as at 31 December 2018 and for the year then ended

BALANCE AND MOVEMENTS OF DESIGNATED ACCOUNT

	Notes	*USD*	*VND Equivalent*
Balance as at 1 January 2018		**9,834,552**	**220,539,837,570**
Increase:			
Amount deposited by the International Development Association	9	17,145,243	386,874,683,036
Foreign exchange differences		-	12,898,615,828
Decrease:			
Amount withdrawn		21,235,805	489,206,565,825
Balance as at 31 December 2018	**4**	**5,743,990**	**131,106,570,609**
Balance as at 31 December 2018 as per bank statement	**4**	**5,743,990**	**131,106,570,609**

Ms Dang Thi Phuong Nga
Chief Accountant

BAN QUẢN LÝ DỰ ÁN HỖ TRỢ Y TẾ CÁC TỈNH ĐÔNG BẮC BỘ VÀ ĐỒNG BẰNG SÔNG HỒNG

Mr Dang Viet Hung
Project Director

Hanoi, Vietnam

27 June 2019

North East and Red River Delta Regions Health System Support Project

Under the Financing Agreement No. IDA 5259 – VN between the Government of the Socialist Republic of Vietnam and the International Development Association (IDA)

STATEMENT OF EXPENDITURES
for the year ended 31 December 2018

	Component I: Strengthening the capacity of lower level hospitals to deliver quality services		*Component II: Reducing the financial barriers to access health services by the economically vulnerable people*		*Component III: Project management monitoring and evaluation*		*Total*	
Application No.	*USD*	*VND Equivalent*	*USD*	*VND Equivalent*	*USD*	*VND Equivalent*	*USD*	*VND Equivalent*
Withdrawal Application No. 27	1,376,689	31,241,388,028	13,336	302,587,000	139,791	3,172,327,970	1,529,816	34,716,302,998
Withdrawal Application No. 28	4,414,388	100,112,284,112	62,173	1,409,511,453	42,804	970,904,812	4,519,365	102,492,700,377
Withdrawal Application No. 29	3,628,355	82,245,901,190	-	-	4,162	94,478,000	3,632,517	82,340,379,190
Withdrawal Application No. 30	1,208,100	27,676,330,219	55,552	1,263,289,792	87,869	1,997,481,000	1,351,520	30,937,101,011
Withdrawal Application No. 31	1,100,368	25,094,951,500	487,298	11,125,528,848	53,740	1,223,223,466	1,641,406	37,443,703,814
Withdrawal Application No. 32	4,300,912	99,977,337,863	160,053	3,724,224,046	9,653	224,274,000	4,470,618	103,925,835,909
Total	**16,028,812**	**366,348,192,912**	**778,412**	**17,825,141,139**	**338,019**	**7,682,689,248**	**17,145,243**	**391,856,023,299**

Ms Dang Thi Phuong Nga
Chief Accountant

BAN QUẢN LÝ DỰ ÁN HỖ TRỢ Y TẾ CÁC TỈNH ĐÔNG BẮC BỘ VÀ ĐỒNG BẰNG SÔNG HỒNG

Mr Dang Viet Hung
Project Director

Hanoi, Vietnam

27 June 2019

1. PROJECT BACKGROUND

On 1 August 2013, the Government of the Socialist Republic of Vietnam and the International Development Association ("IDA") signed the Financing Agreement ("Financing Agreement") with the amount of SDR 100,100,000 (equivalent to USD 150 million) for North East and Red River Delta Regions Health System Support Project ("the Project") being effective since 17 October 2013. Funding from the Vietnamese Government is approximately VND 105.18 billion; equivalent to USD 5 million; in which funding from the central government is approximately VND 40 billion, and those from local government is approximately VND 65.18 billion.

The Project aims to assist the implementation of the national health strategy to promote access to necessary health services in provinces under the Project, which complies to the national strategies and policies on developing the health system, especially the elimination of overcrowding and the universal health coverage policy, by enhancing the capacity in delivering qualified health services and managing at provincial and district level, and by promoting access to these services, with priority to disadvantaged groups in the North East and Red River Delta Regions through:

(i) Improve technical capacity and managing capacity in health services delivery system at provincial and district level to promote the quality of health services in five specialized departments: oncology, cardiology, obstetrics, pediatrics, and trauma;

(ii) Expand the scope of health coverage for the near-poor; and

(iii) Enhance the managing capacity, leadership, and technical transfer in health sector in provinces under the Project as well as the participating central hospitals.

The Project will be implemented in 13 provinces in the Red River Delta and North East Regions, including Lang Son, Bac Giang, Thai Nguyen, Yen Bai, Tuyen Quang, Phu Tho, Hung Yen, Hai Duong, Thai Binh, Nam Dinh, Ha Nam, Ninh Binh, Hoa Binh and Thai Nguyen Central General Hospital ("BVDK TW").

The Project is implemented by the Ministry of Health of the Socialist Republic of Vietnam under a decentralized system consisting of 13 implementing Provincial Project Management Units ("PPMU"), Thai Nguyen Central General Hospital ("BVDK TW") and Central Project Management Unit in Hanoi ("CPMU").

The project consists of 3 following components:

(i) Component 1 - Strengthening the capacity of lower level hospitals to deliver quality services, including 2 sub-components:

- sub-component 1A: Provincial sub-projects for the development of medical services and quality improvement; and
- sub-component 1B: National policy and central level technical support for reducing hospital overcrowding and quality.

(ii) Component 2 - Reducing the financial barriers to access health services by the economically vulnerable people: includes 3 sub-components:

- sub-component 2A: Direct subsidies to support the purchase of health insurance by the near-poor;
- sub-component 2B: Coverage of catastrophic health care expenditure at lower level hospitals; and
- sub-component 2C: Support information, education and communication activities about health insurance.

(iii) Component 3 - Project Management, monitoring and evaluation.

2. BASIS OF PREPARATION

The Project's financial statements, except for the statement of designated account, are expressed in Vietnam dong ("VND"). The statement of designated account is expressed in United States dollars ("USD").

The Project's financial statements are prepared in accordance with the International Public Sector Accounting Standards Board ("IPSAS"); the Financing Agreement No. IDA 5259 – VN between the Government of the Socialist Republic of Vietnam and the International Development Association ("IDA"); and the Project Operation Manual ("POM").

The Project's financial statements include financial statements of CPMU, 13 PPMU and Thai Nguyen Central General Hospital.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies adopted in the preparation of the financial statements are set out below.

Contribution from International Development Association ("IDA")

Contributions from IDA are recognized when funds are transferred to the Project's designated account which is managed by the CPMU, rather than when being committed or budgeted.

Contribution from the Vietnamese Government

Contributions from the Vietnamese Government are recognized when cash is deposited in the Project's accounts at the CPMU, 13 PPMU and Thai Nguyen Central General Hospital or is disbursed through the Project's accounts at the CPMU, 13 PPMU and Thai Nguyen Central General Hospital, rather than when being committed or budgeted.

Other income

Other income includes:

- Bank interests, which are recognised when cash is actually received after being net off with bank charges incurred during the period; and
- The proceeds from sale of biding documents which are recorded when actually received, after being net off with bidding costs incurred.

Expenditures

Except for advance to Project staffs and other receivables, expenditures are recognized as follows:

- For the Project's expenditures financed by IDA, expenditures are recorded upon the approval of the Project management based on the accompanying documents.
- For the Project's expenditures financed by the Government of Vietnam, expenditures are recorded when following criteria are satisfied:
  - activities and the certificate of work completion or equivalent documents are completed by the end of reporting year;
  - supporting documents are approved by the Project management during the year or within January of the following year; and
  - supporting documents are approved and paid by the State Treasury during the year or within January of the following year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign exchange differences

Receipts in foreign currencies by CPMU are converted into VND using the monthly exchange rate declared by the Ministry of Finance in the month of the receipts. Expenditures in foreign currencies are converted into VND using the exchange rate ruling at the date of transaction at the buying exchange rate quoted by Lien Viet Post Joint Stock Commercial Bank. Monetary items which are denominated in foreign currencies, are translated into VND at the exchange rate quoted by State Bank at the reporting date.

Foreign exchange differences are presented separately in the statement of receipt, expenditure and fund balance for the reporting year.

Advances to implementing partners and Project staff

Advances to implementing partners and project staffs to implement the Project's activities are carried as part of the fund balance until subsequent liquidation or clearance at approval of the Project management.

Payables

Payables are recognized as follows:

- For the Project's activities financed by IDA, payables are recorded upon the approval of the Project management based on accompanying documents.
- For the Project's activities financed by the Government of Vietnam, payables are recorded when following criteria are satisfied:
  - activities and the certificate of work completion or equivalent documents are completed by the end of reporting year;
  - supporting documents are approved by the Project management during the year or within January of the following year; and
  - supporting documents are approved and paid by the State Treasury within January of the following year.

Personal income tax awaiting for payment to the tax authority and contribution based on salary awaiting for payment to insurance department in the reporting date are presented as payables in the balance sheet.

Fixed asset and machinery expenses

Fixed asset and machinery expenses are charged as the Project's expenses upon finalization and approval of the Project management. List of assets are maintained for management and monitoring purpose.

4. CASH

Currency: VND

	CPMU	*Ha Nam PPMU*	*Yen Bai PPMU*	*Phu Tho PPMU*	*Tuyen Quang PPMU*	*Thai Binh PPMU*	*Ninh Binh PPMU*	*Hung Yen PPMU*
Cash in banks	***134,031,238,507***	***857,502,712***	***11,245,756***	***1,203,909,269***	***307,900,101***	***1,363,315,275***	***1,152,305,369***	***142,465,439***
Designated accounts	131,106,570,609	-	-	-	-	-	-	-
Bank accounts at provinces	-	854,505,990	9,940,500	811,331,555	307,224,708	306,639,800	1,080,691,040	132,802,314
Interest bank accounts	2,260,588	2,996,722	1,305,256	60,895,348	48,276	31,464,670	13,440,562	7,055,608
Sales of bidding document accounts	7,881,307	-	-	331,682,366	597,227	25,210,805	20,725,559	-
Other accounts	2,914,526,003	-	-	-	29,890	-	37,448,208	2,607,517
Cash on hand	***29,736,335***	***18,040,010***	***406,800***	***13,281,000***	***37,929,865***	***4,669,000***	***130,634,960***	***-***
TOTAL	**134,060,974,842**	**875,542,722**	**11,652,556**	**1,217,190,269**	**345,829,966**	**1,367,984,275**	**1,282,940,329**	**142,465,439**

	Hoa Binh PPMU	*Nam Dinh PPMU*	*Hai Duong PPMU*	*Thai Nguyen PPMU*	*BVDK TW Thai Nguyen*	*Bac Giang PPMU*	*Lang Son PPMU*	*Total*
Cash in banks	***839,471,916***	***360,838,036***	***875,970,268***	***510,672,405***	***337,623,710***	***1,659,729,621***	***985,108,605***	***144,639,296,989***
Designated accounts	-	-	-	-	-	-	-	131,106,570,609
Bank accounts at provinces	838,488,240	357,456,120	848,190,441	510,399,756	334,391,675	1,629,936,900	959,291,887	9,981,290,926
Interest bank accounts	983,676	2,765,004	27,306,328	272,649	640,835	29,792,721	7,819,862	189,048,105
Sales of bidding document accounts	-	-	473,499	-	2,591,200	-	17,996,856	407,158,819
Other accounts	-	616,912	-	-	-	-	-	2,955,228,530
Cash on hand	***63,944,100***	***-***	***1,126,000***	***2,352,284***	***45,014,481***	***-***	***28,793,000***	***375,927,835***
TOTAL	**903,416,016**	**360,838,036**	**877,096,268**	**513,024,689**	**382,638,191**	**1,659,729,621**	**1,013,901,605**	**145,015,224,824**

5. ADVANCES

5.1 Advances to suppliers

Currency: VND

	Ending balance	*Beginning balance*
CPMU	-	17,221,989,960
Hoa Binh PPMU	535,887,210	-
Nam Dinh PPMU	956,004,000	-
Lang Son PPMU	4,816,500	-
TOTAL	**1,496,707,710**	**17,221,989,960**

5.2 Advances to Project's implementation partners

Currency: VND

	Ending balance	*Beginning balance*
CPMU	35,806,000	8,145,982,538
Ha Nam PPMU	80,000,000	80,000,000
Yen Bai PPMU	79,514,600	506,400,000
Phu Tho PPMU	-	148,078,000
Tuyen Quang PPMU	3,950,000	-
Thai Binh PPMU	-	64,386,000
Ninh Binh PPMU	160,000,000	-
Hung Yen PPMU	-	42,417,007
Hoa Binh PPMU	158,347,000	158,347,000
Nam Dinh PPMU	-	235,500,000
Thai Nguyen PPMU	9,651,940	140,000,000
Bac Giang PPMU	-	57,588,338
Lang Son PPMU	40,985,485	60,606,685
TOTAL	**527,269,540**	**9,639,305,568**

5.3 Advances to Project's staff

Currency: VND

	Ending balance	*Beginning balance*
Ha Nam PPMU	-	71,882,000
Yen Bai PPMU	-	86,488,400
Thai Binh PPMU	-	165,666,000
Ninh Binh PPMU	-	160,000,000
Hoa Binh PPMU	61,442,000	11,442,000
Lang Son PPMU	97,782,023	242,835,485
TOTAL	**159,224,023**	**738,313,885**

6. OTHER RECEIVABLES

Currency: VND

	Ending balance	*Beginning balance*
Thai Binh PPMU	-	2,000,000
TOTAL	**-**	**2,000,000**

7. PAYABLES

7.1 Payables to suppliers

Currency: VND

	Ending balance	*Beginning balance*
CPMU	29,797,523,744	71,310,874,846
Ha Nam PPMU	-	2,223,000,000
Yen Bai PPMU	-	10,791,210,000
Phu Tho PPMU	336,547,500	16,303,332,300
Tuyen Quang PPMU	-	3,205,710,000
Ninh Binh PPMU	3,666,985,000	13,423,182,040
Hoa Binh PPMU	1,980,000	11,266,426,000
Nam Dinh PPMU	-	8,963,471,500
Thai Nguyen PPMU	-	1,550,300,000
BVDK TW Thai Nguyen	-	197,226,000
Lang Son PPMU	194,743,950	165,417,222
TOTAL	**33,997,780,194**	**139,400,149,908**

7.2 Payables to Project's implementation partners

Currency: VND

	Ending balance	*Beginning balance*
CPMU	5,154,205,870	-
Ha Nam PPMU	1,226,773,700	2,233,833,390
Yen Bai PPMU	418,996,500	-
Phu Tho PPMU	1,249,550,000	8,264,987,820
Tuyen Quang PPMU	1,050,920,400	1,776,825,239
Thai Binh PPMU	311,559,500	-
Ninh Binh PPMU	1,640,108,000	1,959,099,200
Hung Yen PPMU	3,449,673,870	-
Hoa Binh PPMU	833,193,200	1,385,990,190
Hai Duong PPMU	1,917,327,944	-
Thai Nguyen PPMU	550,900,000	161,725,000
BVDK TW Thai Nguyen	-	20,000,000
Bac Giang PPMU	-	7,214,026,000
Lang Son PPMU	2,482,885,770	2,611,021,605
TOTAL	**19,771,554,754**	**25,627,508,444**

7. PAYABLES (continued)

7.3 Payables to Project's staff

Currency: VND

	Ending balance	*Beginning balance*
Ninh Binh PPMU	39,733,090	174,176,308
Hai Duong PPMU	61,608,400	61,608,400
BVDK TW Thai Nguyen	-	149,451,110
TOTAL	**101,341,490**	**385,235,818**

8. OTHER PAYABLES

Currency: VND

	Ending balance	*Beginning balance*
CPMU	221,977,091	25,214,898
Ha Nam PPMU	22,164,000	-
Yen Bai PPMU	830,300	78,900
Phu Tho PPMU	120,170,000	-
Tuyen Quang PPMU	138,383,033	231,189,890
Ninh Binh PPMU	138,282,161	63,973,821
Hung Yen PPMU	91,578,500	-
Nam Dinh PPMU	13,216,912	594,946
Hai Duong PPMU	1,500,107	4,886,301,637
Thai Nguyen PPMU	-	331,506
BVDK TW Thai Nguyen	22,400,000	30,960,000
PPMU Lang Son	66,212,580	124,528,560
TOTAL	**836,714,684**	**5,363,174,158**

9. CONTRIBUTION FROM INTERNATIONAL DEVELOPMENT ASSOCIATION ("IDA")

9.1 Contribution from IDA according to Project reports

	USD	*Equivalent VND*
Accumulated to 31 December 2017	**68,308,740**	**1,503,343,621,404**
Increase:		
Withdrawal Application No. 27	1,529,816	34,284,714,220
Withdrawal Application No. 28	4,519,365	101,477,829,120
Withdrawal Application No. 29	3,632,517	81,564,547,046
Withdrawal Application No. 30	1,351,521	30,675,445,808
Withdrawal Application No. 31	1,641,406	37,254,997,429
Withdrawal Application No. 32	4,470,618	101,617,149,413
Total	**17,145,243**	**386,874,683,036**
Accumulated to 31 December 2018	**85,453,983**	**1,890,218,304,440**

9.2 Reconciliation of contribution from IDA

	USD	*Equivalent VND*
Contribution from IDA in designated account	17,145,243	386,874,683,036
Plus:		
Foreign exchange differences	-	4,981,340,263
Total amounts contributed by IDA as per Statement of Expenditures	**17,145,243**	**391,856,023,299**

10. CONTRIBUTION FROM THE VIETNAMESE GOVERNMENT

Currency: VND

	For the year ended 31 December 2018	*Cumulative for the period from 17 October 2013 to 31 December 2018*
CPMU	4,633,072,350	30,158,057,050
Ha Nam PPMU	415,303,267	2,971,826,623
Yen Bai PPMU	655,798,000	5,232,907,200
Phu Tho PPMU	500,000,000	2,923,367,000
Tuyen Quang PPMU	315,676,744	1,515,805,522
Thai Binh PPMU	550,000,000	4,355,934,100
Ninh Binh PPMU	988,226,470	2,706,801,268
Hung Yen PPMU	981,333,884	4,029,256,984
Hoa Binh PPMU	754,272,500	3,256,490,256
Nam Dinh PPMU	476,768,000	2,577,768,000
Hai Duong PPMU	600,000,000	3,402,900,288
Bac Giang PPMU	354,613,000	2,109,535,600
Lang Son PPMU	615,465,000	2,428,957,230
Thai Nguyen PPMU	260,000,000	1,994,113,976
BVDK TW Thai Nguyen	-	3,234,088,900
TOTAL	**12,100,529,215**	**72,897,809,997**

11. BANK INTERESTS

Currency: VND

	For the year ended 31 December 2018	*Cumulative for the period from 17 October 2013 to 31 December 2018*
CPMU	1,292,424	2,803,276
Ha Nam PPMU	(3,064,024)	2,996,722
Yen Bai PPMU	(1,066,819)	1,305,256
Phu Tho PPMU	749,120	64,756,214
Tuyen Quang PPMU	(1,693,451)	146,793
Thai Binh PPMU	1,236,649	31,766,475
Ninh Binh PPMU	(350,361)	11,002,044
Hung Yen PPMU	(1,942,333)	9,676,225
Hoa Binh PPMU	(1,298,127)	983,676
Nam Dinh PPMU	(4,731,206)	2,765,004
Hai Duong PPMU	(2,305,398)	28,536,344
Bac Giang PPMU	4,572,533	29,792,721
Lang Son PPMU	(2,185,428)	8,008,903
Thai Nguyen PPMU	(5,718,422)	216,649
BVDK TW Thai Nguyen	12,901,687	12,708,962
TOTAL	**(3,603,156)**	**207,465,264**

This is the interest income earned from the Project's bank accounts, after netting off with bank charges incurred during the period.

12. OTHER INCOME

Currency: VND

	For the year ended 31 December 2018	*Cumulative for the period from 17 October 2013 to 31 December 2018*
CPMU	(50,035,000)	16,015,555
Ha Nam PPMU	-	13,719,000
Phu Tho PPMU	-	24,909,000
Thai Binh PPMU	-	60,997,300
Ninh Binh PPMU	-	20,000
Hoa Binh PPMU	(4,160,000)	-
Nam Dinh PPMU	-	(621,216)
Hai Duong PPMU	-	17,800,000
Lang Son PPMU	-	1,562,796
BVDK TW Thai Nguyen	-	13,719,000
TOTAL	**(54,195,000)**	**141,402,435**

Other income mostly comprises of proceeds from sale of bidding documents, presented net of costs incurred for the bidding process.

13. EXPENDITURES

13.1. Expenditures by categories and sources of funds

Currency: VND

	For the year ended 31 December 2018			*Cumulative for the period from 17 October 2013 to 31 December 2018*		
	Financed by IDA	*Counterpart fund by the Government of Vietnam*	*Total*	*Financed by IDA*	*Counterpart fund by the Government of Vietnam*	*Total*
Component I: Strengthening the capacity of lower level hospitals to deliver quality services	338,425,446,659	1,798,379,350	340,223,826,009	1,602,750,859,345	33,923,672,038	1,636,674,531,383
Component II: Reducing the financial barriers to access health services by the economically vulnerable people	44,653,927,060	-	44,653,927,060	182,199,749,113	-	182,199,749,113
Component III: Project management, monitoring and evaluation	10,006,119,911	10,302,149,865	20,308,269,776	53,767,050,409	38,976,117,959	92,743,168,368
TOTAL	**393,085,493,630**	**12,100,529,215**	**405,186,022,845**	**1,838,717,658,867**	**72,899,789,997**	**1,911,617,448,864**

13. EXPENDITURES (continued)

13.2. Actual expenditures and budget comparison by categories for reporting year/ period

Currency: VND

Code	Activities	For the year ended 31 December 2018				Project disbursement progress			
				Over/(Under) budget		Accumulated expenditures for the period from 17 October 2013 to 31 December 2018	Approved budget (*)		
		Expenditures	Budget approved by the Ministry of Health	Variance	%		VND Equivalence	USD	Progress (%)
I.	**Component I: Strengthening the capacity of lower level hospitals to deliver quality services**	**340,223,826,009**	**481,219,466,671**	**(140,995,640,662)**	**-29%**	**1,636,674,531,383**	**2,482,248,000,000**	**118,000,000**	**66%**
I.A	Improving lower level medical services and quality	306,533,403,857	423,212,343,384	(116,678,939,527)	-28%	1,529,300,682,966	2,250,852,000,000	107,000,000	68%
I.A.1	Supporting medical equipment and repairing small size infrastructure for technical transfer ("CGKT")	248,336,018,769	341,654,067,580	(93,318,048,811)	-27%	1,360,329,862,854	1,935,312,000,000	92,000,000	70%
I.A.2	Supporting in hospital management capacity enhancement	16,529,602,110	29,242,228,105	(12,712,625,995)	-43%	49,125,828,020	105,180,000,000	5,000,000	47%
I.A.3	Supporting in training for technical transfer	41,667,782,978	52,316,047,699	(10,648,264,721)	-20%	119,844,992,092	210,360,000,000	10,000,000	57%
I.B.	National policy and central level technical support for reducing hospital overcrowding and quality improvement	33,690,422,152	58,007,123,287	(24,316,701,135)	-42%	107,373,848,417	231,396,000,000	11,000,000	46%
I.B.1	Policy and technical support	2,863,495,125	3,224,949,809	(361,454,684)	-11%	14,068,489,767	32,605,800,000	1,550,000	43%
I.B.2	Support equipment for national hospital	30,826,927,027	54,782,173,478	(23,955,246,451)	-44%	93,305,358,650	198,790,200,000	9,450,000	47%
II.	**Component II: Reducing the financial barriers to access health services by the economically vulnerable people**	**44,653,927,060**	**99,113,142,893**	**(54,459,215,833)**	**-55%**	**182,199,749,113**	**610,044,000,000**	**29,000,000**	**30%**
II.A	Direct subsidies to support the purchase of health insurance by the near-poor	27,731,650,900	77,106,086,950	(49,374,436,050)	-64%	125,633,505,885	483,828,000,000	23,000,000	26%
II.B	Coverage of catastrophic health care expenditure in central and provincial hospital	431,686,502	1,064,661,153	(632,974,652)	-58%	1,467,188,165	42,072,000,000	2,000,000	4%
II.C	Supporting in information, education and communication activities about health insurance	16,490,589,658	20,942,394,790	(4,451,805,132)	-21%	55,099,055,063	84,144,000,000	4,000,000	65%
III	**Component III: Project management monitoring and evaluation**	**20,308,269,776**	**27,285,665,588**	**(6,977,395,812)**	**-26%**	**92,743,168,368**	**168,288,000,000**	**8,000,000**	**55%**
III.1	Consultant selection	4,482,921,640	7,481,820,024	(2,998,898,384)	-40%	23,632,929,089	30,502,200,000	1,450,000	77%
III.2	Organizing conference, workshop, training, monitoring planning	2,128,369,280	4,804,378,231	(2,676,008,951)	-56%	10,567,296,430	30,556,893,600	1,452,600	35%
III.3	Survey, research	215,529,600	901,224,811	(685,695,211)	-76%	1,302,940,600	5,259,000,000	250,000	25%
III.4	Office equipment and vehicle purchase	1,198,374,581	1,081,303,374	117,071,207	11%	9,320,999,321	16,092,540,000	765,000	58%
III.5	Project operation expenses	12,283,074,675	13,016,939,148	(733,864,473)	-6%	47,919,002,928	85,877,366,400	4,082,400	56%
	TOTAL	**405,186,022,845**	**607,618,275,152**	**(202,432,252,307)**	**-33%**	**1,911,617,448,864**	**3,260,580,000,000**	**155,000,000**	**59%**

(*) The approved budget is the total fund of the Project (USD 155,000,000) converted into VND using the exchange rate of the Ministry of Finance at the date of signing the Agreement (1USD = VND21,036).

13. EXPENDITURES (continued)

13.3. Actual expenditure and budget comparison by PPMU for the reporting year/period

Currency: VND

	For the year ended 31 December 2018				*Budget approved by Ministry of Health*	*Over/(Under)*
	Component I	*Component II*	*Component III*	*Total*		
CPMU	283,628,801,540	5,753,193,638	9,346,993,004	298,728,988,182	337,500,000,000	(38,771,011,818)
Ha Nam PPMU	2,065,400,500	3,267,703,940	472,909,267	5,806,013,707	15,244,084,556	(9,438,070,849)
Yen Bai PPMU	2,803,691,700	1,310,505,300	1,146,752,100	5,260,949,100	11,295,100,000	(6,034,150,900)
Phu Tho PPMU	13,010,868,500	7,671,040,719	702,975,000	21,384,884,219	43,538,000,000	(22,153,115,781)
Tuyen Quang PPMU	1,309,913,650	2,278,081,640	537,023,511	4,125,018,801	13,490,716,096	(9,365,697,295)
Thai Binh PPMU	3,299,573,900	1,270,422,600	1,004,231,800	5,574,228,300	10,942,000,000	(5,367,771,700)
Ninh Binh PPMU	5,094,494,000	393,809,000	1,135,148,418	6,623,451,418	13,459,374,500	(6,835,923,082)
Hung Yen PPMU	4,795,635,600	6,901,471,240	1,269,638,884	12,966,745,724	25,200,000,000	(12,233,254,276)
Hoa Binh PPMU	2,218,748,200	1,070,363,470	787,695,700	4,076,807,370	25,229,000,000	(21,152,192,630)
Nam Dinh PPMU	2,359,630,690	1,533,661,401	476,183,600	4,369,475,691	20,599,000,000	(16,229,524,309)
Hai Duong PPMU	4,794,431,710	5,265,773,404	865,824,340	10,926,029,454	24,038,000,000	(13,111,970,546)
Bac Giang PPMU	3,962,072,500	6,768,981,000	548,472,400	11,279,525,900	34,603,000,000	(23,323,474,100)
Lang Son PPMU	5,512,672,000	536,076,570	1,254,189,400	7,302,937,970	17,324,000,000	(10,021,062,030)
Thai Nguyen PPMU	4,381,632,850	632,843,138	655,111,352	5,669,587,340	12,656,000,000	(6,986,412,660)
BVDK TW Thai Nguyen	986,258,669	-	105,121,000	1,091,379,669	2,500,000,000	(1,408,620,331)
TOTAL	**340,223,826,009**	**44,653,927,060**	**20,308,269,776**	**405,186,022,845**	**607,618,275,152**	**(202,432,252,307)**

13. EXPENDITURES (continued)

13.3. Actual expenditure and budget comparison by PPMU for the reporting year/period (continued)

Currency: VND

Unit	*For the period from 17 October 2013 to 31 December 2018*				*Approved budget (*)*		*Progress (%)*
	Component I	*Component II*	*Component III*	*Total*	*VND equivalence*	*USD*	
CPMU	888,537,109,387	11,685,624,073	48,772,287,768	948,995,021,228	1,763,082,631,932	83,812,637	54%
Ha Nam PPMU	61,086,240,500	12,637,393,272	2,643,520,613	76,367,154,385	114,649,481,616	5,450,156	67%
Yen Bai PPMU	64,260,192,800	5,446,367,700	4,217,489,700	73,924,050,200	113,348,194,656	5,388,296	65%
Phu Tho PPMU	62,373,570,060	40,549,601,307	3,202,512,640	106,125,684,007	120,931,251,936	5,748,776	88%
Tuyen Quang PPMU	36,508,845,571	6,804,320,260	2,889,162,516	46,202,328,347	90,046,827,816	4,280,606	51%
Thai Binh PPMU	68,543,010,400	4,227,663,500	4,643,033,900	77,413,707,800	118,739,574,204	5,644,589	65%
Ninh Binh PPMU	75,209,666,400	3,328,242,000	3,261,911,835	81,799,820,235	118,833,710,304	5,649,064	69%
Hung Yen PPMU	38,670,783,025	17,350,517,433	4,494,984,684	60,516,285,142	105,222,576,864	5,002,024	58%
Hoa Binh PPMU	76,433,914,400	6,502,274,590	2,544,681,456	85,480,870,446	141,103,177,200	6,707,700	61%
Nam Dinh PPMU	38,482,230,590	4,232,076,641	2,237,385,640	44,951,692,871	98,990,598,756	4,705,771	45%
Hai Duong PPMU	45,029,088,308	25,660,947,654	3,938,831,002	74,628,866,964	113,194,484,604	5,380,989	66%
Bac Giang PPMU	36,784,870,738	25,377,529,996	2,356,642,462	64,519,043,196	108,129,794,136	5,140,226	60%
Lang Son PPMU	28,720,559,832	4,941,074,560	3,170,107,810	36,831,742,202	79,469,969,088	3,777,808	46%
Thai Nguyen PPMU	47,755,047,400	11,561,124,522	2,851,636,227	62,167,808,149	98,363,031,768	4,675,938	63%
BVDK TW Thai Nguyen	68,279,401,972	1,894,991,605	1,518,980,115	71,693,373,692	76,474,695,120	3,635,420	94%
TOTAL	**1,636,674,531,383**	**182,199,749,113**	**92,743,168,368**	**1,911,617,448,864**	**3,260,580,000,000**	**155,000,000**	**59%**

(*) The approved budget is the total fund of the Project (USD 155,000,000) converted into VND using the exchange rate of the Ministry of Finance at the date of signing the Agreement (1USD = VND21,036).

13. EXPENDITURES (continued)

13.3. Actual expenditure and budget comparison by PPMU for the reporting year/period (continued)

13.3.1 Actual expenditure and budget comparison by the International Development Association by PPMU for the reporting year/period

Currency: VND

Unit	*For the period from 17 October 2013 to 31 December 2018*				*Budget approved by the International Development Association*		
	Component I	*Component II*	*Component III*	*Total*	*VND equivalence*	*USD*	*Over/(Under)*
CPMU	871,074,754,337	11,685,624,073	36,076,585,768	918,836,964,178	1,721,354,528,460	81,828,985	(802,517,564,282)
Ha Nam PPMU	59,909,921,500	12,637,393,272	848,012,990	73,395,327,762	110,033,888,712	5,230,742	(36,638,560,950)
Yen Bai PPMU	61,247,119,500	5,446,367,700	1,997,655,800	68,691,143,000	108,723,661,452	5,168,457	(40,032,518,452)
Phu Tho PPMU	61,765,044,700	40,549,601,307	887,671,000	103,202,317,007	116,241,528,168	5,525,838	(13,039,211,161)
Tuyen Quang PPMU	35,858,516,710	6,804,320,260	2,023,685,855	44,686,522,825	85,765,749,384	4,077,094	(41,079,226,559)
Thai Binh PPMU	67,448,426,400	4,227,663,500	1,381,683,800	73,057,773,700	114,049,429,716	5,421,631	(40,991,656,016)
Ninh Binh PPMU	74,627,996,400	3,328,242,000	1,136,780,567	79,093,018,967	114,078,838,044	5,423,029	(34,985,819,077)
Hung Yen PPMU	37,470,407,025	17,350,517,433	1,666,103,700	56,487,028,158	100,819,784,136	4,792,726	(44,332,755,978)
Hoa Binh PPMU	74,907,952,400	6,502,274,590	812,173,200	82,222,400,190	136,241,231,700	6,476,575	(54,018,831,510)
Nam Dinh PPMU	37,479,126,890	4,232,076,641	662,721,340	42,373,924,871	94,559,218,104	4,495,114	(52,185,293,233)
Hai Duong PPMU	44,133,876,482	25,660,947,654	1,431,142,540	71,225,966,676	108,907,915,776	5,177,216	(37,681,949,100)
Bac Giang PPMU	36,209,343,200	25,377,529,996	950,807,400	62,537,680,596	103,831,697,580	4,935,905	(41,294,016,984)
Lang Son PPMU	28,633,618,832	4,941,074,560	1,404,252,900	34,978,946,292	75,247,917,672	3,577,102	(40,268,971,380)
Thai Nguyen PPMU	46,979,492,850	11,561,124,522	1,504,903,801	60,045,521,173	93,986,870,616	4,467,906	(33,941,349,443)
BVDK TW Thai Nguyen	65,005,262,119	1,894,991,605	982,869,748	67,883,123,472	71,557,740,480	3,401,680	(3,674,617,008)
TOTAL	**1,602,750,859,345**	**182,199,749,113**	**53,767,050,409**	**1,838,717,658,867**	**3,155,400,000,000**	**150,000,000**	**(1,316,682,341,133)**

13. EXPENDITURES (continued)

13.3. Actual expenditure and budget comparison by PPMU for the reporting year/period (continued)

13.3.2 Actual expenditure and budget comparison by the Vietnamese Government by PPMU for the reporting year/period

Currency: VND

Unit	*For the period from 17 October 2013 to 31 December 2018*				*Budget approved by the Financing Agreement – Contribution from Vietnamese Government*		
	Component I	*Component II*	*Component III*	*Total*	*VND equivalence*	*USD*	*Over/(Under)*
CPMU	17,462,355,050	-	12,695,702,000	30,158,057,050	41,728,103,472	1,983,652	(11,570,046,422)
Ha Nam PPMU	1,176,319,000	-	1,795,507,623	2,971,826,623	4,615,592,904	219,414	(1,643,766,281)
Yen Bai PPMU	3,013,073,300	-	2,219,833,900	5,232,907,200	4,624,533,204	219,839	608,373,996
Phu Tho PPMU	608,525,360	-	2,314,841,640	2,923,367,000	4,689,723,768	222,938	(1,766,356,768)
Tuyen Quang PPMU	650,328,861	-	865,476,661	1,515,805,522	4,281,078,432	203,512	(2,765,272,910)
Thai Binh PPMU	1,094,584,000	-	3,261,350,100	4,355,934,100	4,690,144,488	222,958	(334,210,388)
Ninh Binh PPMU	581,670,000	-	2,125,131,268	2,706,801,268	4,754,872,260	226,035	(2,048,070,992)
Hung Yen PPMU	1,200,376,000	-	2,828,880,984	4,029,256,984	4,402,792,728	209,298	(373,535,744)
Hoa Binh PPMU	1,525,962,000	-	1,732,508,256	3,258,470,256	4,861,945,500	231,125	(1,603,475,244)
Nam Dinh PPMU	1,003,103,700	-	1,574,664,300	2,577,768,000	4,431,380,652	210,657	(1,853,612,652)
Hai Duong PPMU	895,211,826	-	2,507,688,462	3,402,900,288	4,286,568,828	203,773	(883,668,540)
Bac Giang PPMU	575,527,538	-	1,405,835,062	1,981,362,600	4,298,096,556	204,321	(2,316,733,956)
Lang Son PPMU	86,941,000	-	1,765,854,910	1,852,795,910	4,222,051,416	200,706	(2,369,255,506)
Thai Nguyen PPMU	775,554,550	-	1,346,732,426	2,122,286,976	4,376,161,152	208,032	(2,253,874,176)
BVDK TW Thai Nguyen	3,274,139,853	-	536,110,367	3,810,250,220	4,916,954,640	233,740	(1,106,704,420)
TOTAL	**33,923,672,038**	**-**	**38,976,117,959**	**72,899,789,997**	**105,180,000,000**	**5,000,000**	**(32,280,210,003)**

Ms Dang Thi Phuong Nga
Chief Accountant

Mr Dang Viet Hung
Project Director

Hanoi, Vietnam

27 June 2019

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INDEPENDENT ASSURANCE REPORT ON COMPLIANCE

To: The Central Project Management Unit of the North East and Red River Delta Regions Health System Support Project

We have examined the compliance of the management of North East and Red River Delta Regions Health System Support Project ("the Project") including:

(1) the Central Project Management Unit (hereinafter referred to as "the CPMU"),
(2) Ha Nam Provincial Project Management Unit ("Ha Nam PPMU"),
(3) Yen Bai Provincial Project Management Unit ("Yen Bai PPMU"),
(4) Phu Tho Provincial Project Management Unit ("Phu Tho PPMU"),
(5) Tuyen Quang Provincial Project Management Unit ("Tuyen Quang PPMU"),
(6) Thai Binh Provincial Project Management Unit ("Thai Binh PPMU"),
(7) Ninh Binh Provincial Project Management Unit ("Ninh Binh PPMU"),
(8) Hung Yen Provincial Project Management Unit ("Hung Yen PPMU"),
(9) Hoa Binh Provincial Project Management Unit ("Hoa Binh PPMU"),
(10) Nam Dinh Provincial Project Management Unit ("Nam Dinh PPMU"),
(11) Hai Duong Provincial Project Management Unit ("Hai Duong PPMU"),
(12) Thai Nguyen Provincial Project Management Unit ("Thai Nguyen PPMU"),
(13) Bac Giang Provincial Project Management Unit ("Bac Giang PPMU"),
(14) Lang Son Provincial Project Management Unit ("Lang Son PPMU"), and
(15) Thai Nguyen Hospital Project Management Unit (collectively referred to as "the fourteen PPMUs")

with the applicable laws, regulations, procurement procedures and other provisions of the Financing Agreement between the Government of the Socialist Republic of Vietnam and the International Development Association ("IDA") ("the Financing Agreement") during the year ended 31 December 2018. The Project management is responsible for the compliance with the Financing Agreement, the Project Operation Manual ("POM") and other laws and regulations applicable to the Project (collectively referred to as "the Project's regulations").

Auditors' responsibility

Our responsibility is to express an opinion, based on our examination, on the compliance of the CPMU and the fourteen PPMUs with the Project's regulations that could have a direct and material financial effect to the financial statements of the Project for the year ended 31 December 2018. We conducted our examination in accordance with the principles of International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information ("ISAE 3000") insofar this standard could be usefully applied in this examination and in its specific compliance context. This standard requires that we comply with ethical requirements and that we plan and perform the examination to obtain reasonable assurance about whether the CPMU and the fourteen PPMUs comply with the Project's regulations that could have a direct and material financial effect to the financial statements.

Our examination included obtaining a sufficient understanding of the Project and the Project's regulations; assessing the risk on non-compliance exists that could have a direct and material financial effect to the financial statements of the Project; testing and evaluating, on a sample basis, the compliance of the Project's management with the Project's regulations based on the assessed risk; and performing such other procedures as we considered necessary in the circumstances.

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We considered the following criteria in evaluating the compliance of the CPMU and the fourteen PPMUs with the Project's regulations:

- the CPMU and the fourteen PPMUs' awareness of the Project's regulations;
- the implementation of the Project's regulations by the CPMU and the fourteen PPMUs;
- the significance to the financial statements where the CPMU and the fourteen PPMUs fail to comply with one requirement or several requirements in the Project's regulations, if any; and
- that a weakness or a deficiency existed where the CPMU and the fourteen PPMUs fail to comply with one or several requirements in the Project's regulations that could have a direct and material financial effect to the financial statements.

We believe that our examination provides a reasonable basis for our opinion.

Opinion

In our opinion, the CPMU and the fourteen PPMUs comply, in all material respects, with the Project's regulations that could have a direct and material financial effect to the financial statements of the Project for the year ended 31 December 2018 based on the evaluating criteria above.

Other matters

We draw attention to Appendix 1 – Management letter, in which we discussed certain departures from the Project's regulations which have no direct and material financial effect to the financial statements of the Project but may put the Project's objectives at risk.

This examination involved a historic evaluation of the compliance of the CPMU and the fourteen PPMUs with the Project's regulations at a specific point of time. Thus, this examination does not provide assurance for future periods due to the risk of changes in the Project's regulations, or that the degree of compliance with the Project's regulations may deteriorate.

For and on behalf of Ernst & Young Vietnam Limited

Bui Anh Tuan
Deputy General Director
Audit Practicing Registration
Certificate No. 1067-2018-004-1

Hanoi, Vietnam

27 June 2019

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INDEPENDENT ASSURANCE REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROL

To: The Central Project Management Unit of the North East and Red River Delta Regions Health System Support Project

We have audited the design and operating effectiveness of the internal control of the North East and Red River Delta Regions Health System Support Project ("the Project") as operated by the management of:

(1) the Central Project Management Unit (hereinafter referred to as "the CPMU"),
(2) Ha Nam Provincial Project Management Unit ("Ha Nam PPMU"),
(3) Yen Bai Provincial Project Management Unit ("Yen Bai PPMU"),
(4) Phu Tho Provincial Project Management Unit ("Phu Tho PPMU"),
(5) Tuyen Quang Provincial Project Management Unit ("Tuyen Quang PPMU"),
(6) Thai Binh Provincial Project Management Unit ("Thai Binh PPMU"),
(7) Ninh Binh Provincial Project Management Unit ("Ninh Binh PPMU"),
(8) Hung Yen Provincial Project Management Unit ("Hung Yen PPMU"),
(9) Hoa Binh Provincial Project Management Unit ("Hoa Binh PPMU"),
(10) Nam Dinh Provincial Project Management Unit ("Nam Dinh PPMU"),
(11) Hai Duong Provincial Project Management Unit ("Hai Duong PPMU"),
(12) Thai Nguyen Provincial Project Management Unit ("Thai Nguyen PPMU"),
(13) Bac Giang Provincial Project Management Unit ("Bac Giang PPMU"),
(14) Lang Son Provincial Project Management Unit ("Lang Son PPMU"), and
(15) Thai Nguyen Hospital Project Management Unit (collectively referred to as "the fourteen PPMUs")

which existed for the year ended 31 December 2018. The internal control was set up for the purpose of managing risks to the achievement of the Project's objectives, including the reasonable prevention and detection of errors, irregularities and fraud. The internal control is the responsibility of the CPMU and the fourteen PPMUs.

Auditors' responsibility

Our responsibility is to express an opinion, based on our audit, on the effectiveness of the internal control that could have a direct and material financial effect to the financial statements of the Project for the year ended 31 December 2018. We conducted our audit in accordance with the principles of International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information ("ISAE 3000") insofar this standard could be usefully applied in this audit and in its specific compliance context. This standard requires that we comply with ethical requirements and that we plan and perform the audit to obtain reasonable assurance about whether the internal control for the Project is adequately designed for the purpose of the Project and was operating effectively during the period covered by the audit.

Our audit included obtaining a sufficient understanding of the Project and the internal control for the Project; assessing the risk that a material weakness exists that could have a direct and material financial effect to the financial statements of the Project; testing and evaluating, on a sample basis, the design and operating effectiveness of internal control based on the assessed risk; and performing such other procedures as we considered necessary in the circumstances.

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We considered the following criteria in evaluating the effectiveness of the internal control:

- the requirement for design and implementation of the internal control in the Project Operation Manual ("POM");
- the appropriateness of the internal control for the Project's activities and objectives;
- the implementation of the internal control by the CPMU and the fourteen PPMUs to achieve its objective of prevention and detection of errors, irregularities and fraud that could have a direct and material financial effect to the financial statements of the Project;
- the significance to the financial statements where one control or several controls did not operate as designed, if any; and
- that a weakness or a deficiency existed where a control or several controls did not reasonably prevent or detect risks that could have an adverse impact on the objectives of those internal controls which are to provide reasonable assurance that the financial statements are prepared, in all material respects, in accordance with the adopted accounting policies and POM, that the funds are utilised for the purposes defined in the Financing Agreement between the Government of the Socialist Republic of Vietnam and the International Development Association ("the Financing Agreement") and that the Project complies with the Financing Agreement, POM and other applicable laws and regulations.

We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the Project's internal control at the CPMU and the fourteen PPMUs which existed for the year ended 31 December 2018, in all material respects, was adequately designed for the purpose of the Project and operated in an effective manner, based on the evaluating criteria above.

Other matters

We draw attention to Appendix 1 – Management letter, in which we discussed certain findings from the internal control which have no direct and material financial effect to the financial statements of the Project but may put system objectives at risk.

This audit involved a historic evaluation of internal control at a specific point of time. Thus, this audit does not provide assurance for future periods due to the risk that internal control may become inappropriate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

For and on behalf of Ernst & Young Vietnam Limited

CÔNG TY TNHH ERNST & YOUNG VIỆT NAM CHI NHÁNH HÀ NỘI

Bui Anh Tuan
Deputy General Director
Audit Practicing Registration
Certificate No. 1067-2018-004-1

Hanoi, Vietnam

27 June 2019

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