

Audited Project Financial Statements

Project Number: 40253-023

Grant Number: 0241& 0426

Period covered: 1 January 2016 to 31 December 2016

CAM: GMS- Biodiversity Conservation Corridors Project

Prepared by: Ministry of Economy and Finance

For the Asian Development Bank

Date received by ADB: 27 June 2017

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**ROYAL GOVERNMENT OF CAMBODIA
MINISTRY OF AGRICULTURE, FORESTRY AND FISHERIES,
AND
MINISTRY OF ENVIRONMENT**

**Greater Mekong Subregion Biodiversity
Conservation Corridors Project**

ADB Grant No. 0241 – CAM (SF) and
0426 – CAM (SCF)

**Combined Financial Statements
for the year ended 31 December 2016
and
Report of the Independent Auditors**



**Ministry of Agriculture, Forestry and Fisheries, and
Ministry of Environment**

Greater Mekong Subregion Biodiversity Conservation Corridors Project
ADB Grant No. 0241 – CAM (SF) and No. 0426 – CAM (SCF)

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GMS Biodiversity Conservation Corridors Project – Additional Financing
ADB Grant No. 0241-CAM(SF) & 0426-CAM(SCF)

Statement by the management

We do hereby state that in our opinion:

- (a) The accompanying combined financial statements, which comprise the combined statement of financial position as at 31 December 2016, the combined statement of receipts and expenditure, and the combined statement of imprest accounts for the year then ended, and notes, as set out on pages 5 to 27 of the Greater Mekong Subregion Biodiversity Conservation Corridors Project ("the Project"), funded by the Asian Development Bank, Grant No. 0241 – CAM (SF) and No. 0426 – CAM (SCF), and implemented by the Ministry of Agriculture, Forestry and Fisheries, and the Ministry of Environment, are prepared, in all material respects, in accordance with the basis of accounting and the accounting policies described in Note 2 to the combined financial statements.
- (b) The disbursements shown in the combined financial statements were implemented according to the Grant Agreements and the Project was in compliance with all grant covenants of the Agreement for the year ended 31 December 2016.

Signed on behalf of the Project's management,



Sokh Heng
Project Director
Ministry of Agriculture, Forestry and Fisheries



Meng Monyrak
Project Director
Ministry of Environment

Phnom Penh, Kingdom of Cambodia

Date: 26 JUN 2017



KPMG Cambodia Ltd
4th Floor, Delano Center
No. 144, Street 169, Sangkat Veal Vong
Khan 7 Makara, Phnom Penh
Kingdom of Cambodia
+855 23 216 899 | kpmg.com.kh

Report of the independent auditors

To the Ministry of Economy and Finance

Royal Government of Cambodia

Opinion

We have audited the accompanying combined financial statements of the Greater Mekong Subregion Biodiversity Conservation Corridors Project ("the Project"), funded by the Asian Development Bank Grant No. 0241 – CAM (SF) and No. 0426 – CAM (SCF), implemented by the Ministry of Agriculture Forestry and Fisheries and the Ministry of Environment ("the Executing Agency" or "EA"), which comprise the combined statement of financial position as at 31 December 2016, the combined statement of receipts and expenditure, and the combined statement of imprest accounts for the year then ended and notes, comprising significant accounting policies and other explanatory information ("combined financial statements"), as set out on pages 5 to 27.

In our opinion, the accompanying combined financial statements are prepared, in all material respects, in accordance with the basis of accounting and the accounting policies as described in Note 2 to the combined financial statements.

Basis for Opinion

We conduct our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the combined 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 combined financial statements in Cambodia, 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Appendix I, but does not include the combined financial statements and our auditors' report thereon.

Our opinion on the combined financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the combined financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the combined financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Emphasis of Matter - Basis of Accounting and Restriction on Use

We draw attention to Note 2 to the combined financial statements, which describes the basis of accounting and the accounting policies adopted by the Project. The combined financial statements are prepared for the information of and use by the management of the Project, the Ministry of Economy and Finance, and the Asian Development Bank. As a result, the combined financial statements may not be suitable for another purpose. Our audit report is intended solely for the management of the Project, the Ministry of Economy and Finance and the Asian Development Bank and should not be used by or distributed to other parties. Our opinion is not modified in respect of this matter.

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

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

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

Auditors' Responsibility for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 CISAs 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 combined financial statements.

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

- Identify and assess the risks of material misstatement of the combined 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 EA'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 combined 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 EA to cease to continue as a going concern.

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

For KPMG Cambodia Ltd


Nge Huy
Partner



Phnom Penh, Kingdom of Cambodia

26 June 2017

**Ministry of Agriculture, Forestry and Fisheries, and
Ministry of Environment**

Greater Mekong Subregion Biodiversity Conservation Corridors Project
ADB Grant No. 0241 – CAM (SF) and No. 0426 – CAM (SCF)

Combined statement of financial position
As at 31 December 2016

	Note	As at 31 December 2016		As at 31 December 2015 US\$
		Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$	
Current assets				
Cash on hand	3	2,316	-	998
Cash at bank	4	587,245	602,790	768,403
Advance to staff	5	6,432	-	15,868
Advance to contractors	6	271,586	-	-
		<u>867,579</u>	<u>602,790</u>	<u>785,269</u>
Represented by:				
Fund balance at end of the year		<u>867,579</u>	<u>602,790</u>	<u>785,269</u>

The accompanying notes form an integral part of these combined financial statements.

**Ministry of Agriculture, Forestry and Fisheries, and
Ministry of Environment**

**Greater Mekong Subregion Biodiversity Conservation Corridors Project
ADB Grant No. 0241 – CAM (SF) and No. 0426 – CAM (SCF)**

**Combined statement of receipts and expenditure
for the year ended 31 December 2016**

	Note	Year ended 31 December 2016			Year ended 31 December 2015 US\$	Cumulative period from 21 March 2011 to 31 December 2016 US\$
		Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$	Total US\$		
Receipts						
Asian Development Bank	7	1,991,322	603,100	2,594,422	1,356,826	7,790,357
Expenditure by disbursement category and financier	8					
Equipment and vehicles	9	4,307	-	4,307	4,065	832,490
Consultant services	10	686,281	-	686,281	554,417	2,061,985
Goods and services	11	860,909	310	861,219	541,443	2,041,593
Project management	12	237,505	-	237,505	59,799	644,146
Recurrent costs	13	-	-	-	40,600	442,559
Training and others	14	65,267	-	65,267	17,601	220,887
Civil works	15	54,743	-	54,743	2,506	5,063
Livelihood inputs					-	71,265
		1,909,012	310	1,909,322	1,220,431	6,319,988
Excess of receipts over expenditure		82,310	602,790	685,100	136,395	1,470,369
Fund balance at beginning of the year		785,269	-	785,269	648,874	
Fund balance at end of the year		867,579	602,790	1,470,369	785,269	

The accompanying notes form an integral part of these combined financial statements.

**Ministry of Agriculture, Forestry and Fisheries, and
Ministry of Environment**

Greater Mekong Subregion Biodiversity Conservation Corridors Project
ADB Grant No. 0241 – CAM (SF) and No. 0426 – CAM (SCF)

**Combined statement of imprest accounts
for the year ended 31 December 2016**

	Note	Year ended 31 December 2016			Year ended 31 December 2015 US\$	Cumulative period from 21 March 2011 to 31 December 2016 US\$
		Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$	Total US\$		
Receipts						
Asian Development Bank	7	1,482,948	603,100	2,086,048	944,646	5,722,381
Expenditure by disbursement category and financier						
Equipment and vehicles	9	4,307	-	4,307	4,065	418,300
Consultant services	10	439,619	-	439,619	142,237	669,911
Goods and services	11	860,909	310	861,219	541,443	2,041,593
Project management	12	237,505	-	237,505	59,799	644,146
Recurrent costs	13	-	-	-	40,600	442,559
Training and others	14	65,267	-	65,267	17,601	220,887
Civil works		-	-	-	2,506	5,063
Livelihood inputs	15	54,743	-	54,743	-	71,265
		1,662,350	310	1,662,660	808,251	4,513,724
(Deficit)/excess of receipts over expenditure		(179,402)	602,790	423,388	136,395	1,208,657
Fund balance at beginning of the year		785,269	-	785,269	648,874	
Fund balance at the end of year		605,867	602,790	1,208,657	785,269	

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Greater Mekong Subregion Biodiversity Conservation Corridors Project

ADB Grant No. 0241 – CAM (SF) and No. 0426 – CAM (SCF)

**Combined statement of imprest accounts (continued)
for the year ended 31 December 2016**

	Note	31 December 2016			31 December 2015 US\$
		Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$	Total US\$	
Represented by					
Cash on hand	3	2,316	-	2,316	998
Cash at bank	4	587,245	602,790	1,190,035	768,403
Advance to staff	5	6,432	-	6,432	15,868
Advance to contractors		9,874	-	9,874	-
		<u>605,867</u>	<u>602,790</u>	<u>1,208,657</u>	<u>785,269</u>

The accompanying notes form an integral part of these combined financial statements.

Ministry of Agriculture, Forestry and Fisheries, and Ministry of Environment

Greater Mekong Subregion Biodiversity Conservation Corridors Project

ADB Grant No. 0241 – CAM (SF) and No. 0426 – CAM (SCF)

Notes to the combined financial statements for the year ended 31 December 2016

These notes form an integral part of, and should be read in conjunction with, the accompanying combined financial statements.

1. Background and activities

Asian Development Bank ("ADB") and the Royal Government of Cambodia ("RGC") represented by the Ministry of Economy and Finance ("MEF") entered into an agreement on 27 January 2011 to support the Greater Mekong Subregion Biodiversity Conservation Corridors Project ("the Project") after the completion of a pilot project on "Biodiversity Conservation Corridors Initiative Pilot Projects in Cardamom Mountains and Eastern Plains of Cambodia". This Project has two executing agencies namely the Ministry of Environment ("MOE") and the Ministry of Agriculture, Forestry and Fisheries ("MAFF") and two implementing agencies; the Koh Kong Provincial Project Management Unit ("PPMU") and the Monduliri PPMU. The Project's implementation period is between 2011 and 2019 with the total grants of US\$19 million.

This Project is directed at corridor planning, forest restoration and protection, livelihoods improvement, and small scale infrastructure subprojects, capacity building, project management and consulting services, including taxes and duties (US\$1.099 million). The Government will contribute US\$1.40 million by way of salary for secondments and administration, of which US\$0.33 million has been set aside on behalf of provinces for any resettlement expenses related to the Project. Beneficiaries will contribute their labour to agroforestry, non-timber forest product (NTFP) planting, and in-kind contribution to routine maintenance small-scale infrastructure.

On 27 April 2015, the MEF entered into another agreement with the ADB for the additional Grant No. 0426 – CAM (SCF) amounting to US\$7.4. This additional grant is the strategic climate fund to enhance climate resilience of the communities in the Biodiversity Conservation Corridors ("BCC" project area. The contribution from the Government and from the beneficiaries to the ongoing BCC project is estimated US\$1.4 million and US\$0.5 million respectively. The Pilot Program for Climate Resilience (PPCR) of Grant No. 0426 – CAM (SCF) will contribute to Outputs 3 and 4 of the Project. The grant's effective date was 3 August 2015 and is expected to be completed on 31 March 2019.

The joint responsibility funded by the two grants under implementation of MAFF and MOE are as follows:

MAFF

- technical oversight and policy guidance on implementation of the Project interventions in target communes within wildlife sanctuaries and national parks under its jurisdiction in Koh Kong and Monduliri provinces;

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Greater Mekong Subregion Biodiversity Conservation Corridors Project

ADB Grant No. 0241 – CAM (SF) and No. 0426 – CAM (SCF)

Notes to the combined financial statements (continued) for the year ended 31 December 2016

1. Background and activities (continued)

- administration of funds it receives for the Project activities at the national level;
- technical guidance to provinces on implementing the National Forest Program activities embedded in the Biodiversity Conservation Corridors Initiative ("BCI") Project design, particularly reforestation, demarcation and community forestry;
- submitting technical and financial reports on the Project interventions that are implemented directly by MAFF and supporting the Provincial Administration in implementing the decentralised Project;
- establish and manage the imprest accounts;
- jointly recruit GIC consultants with the GDANCP CPCU;
- procure required contracts for subproject implementation;
- procure training services;
- procure office equipment and vehicles; and
- provide secretariat services to the National Steering Committee (NSC)

MOE

- technical oversight and policy guidance on implementation of the Project interventions in target communes within wildlife sanctuaries and national parks under its jurisdiction in Koh Kong and Mondulkiri provinces;
- administration of funds it receives for the Project activities at the national level;
- technical guidance to provinces on implementing the Community Protected Area ("CPA") activities;
- updating of baselines and database;
- environmental safeguard coordination/oversight and monitoring;
- climate change policy support as embedded in the Biodiversity Conservation Corridors Initiatives ("BCI") design;
- submitting technical and financial reports on the project interventions that are implemented directly by MOE;
- establish and manage the imprest accounts;
- jointly recruit Grant Implementation consultants (GIC) with the FA CPCU;
- procure required contracts for subproject implementation;

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Greater Mekong Subregion Biodiversity Conservation Corridors Project

ADB Grant No. 0241 – CAM (SF) and No. 0426 – CAM (SCF)

Notes to the combined financial statements (continued) for the year ended 31 December 2016

1. Background and activities (continued)

- procure training services;
- procure office equipment and vehicles; and
- provide secretariat services to the National Steering Committee (NSC).

At the provincial level, the Governor and the Executive Committee "EXCOM" or its successor body will provide overall guidance and interagency coordination. In Koh Kong and Monduliri provinces, the Governor's Office and EXCOM will be implementing agencies that, in turn will establish PPMUs attached to the EXCOM responsible for day to day implementation and management of the Project activities at the provincial level. The PPMU will provide financial management service at provincial level, coordinate and manage implementation of the subprojects.

The Project covers 22 communes in Cambodia (12 in Monduliri and 10 in Koh Kong provinces) located across 8 districts with the total population of approximately 68,048 (2008 census) in both provinces and households numbering just over 14,000.

The long-term impact of the Project is to achieve climate resilient sustainable forest ecosystems benefiting local livelihoods. The Project outcome is sustainably managed biodiversity corridors in Cambodia.

The Project has four outputs:

Output 1: Strengthening of Institutions and Communities for Biodiversity Corridor Management:

- strengthening the capacity of the national, provincial, district and commune levels for corridor planning and management; and
- providing protection and sustainable use policies, guidelines and/or local regulations for enforcing biodiversity corridor management plans.

Output 2: Restoration, Protection and Sustainable Management of Biodiversity Corridors by carrying out:

- forest restoration;
- natural forest replanting;
- enrichment planting; and
- non-timber forest products planting and agroforestry.

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ADB Grant No. 0241 – CAM (SF) and No. 0426 – CAM (SCF)

**Notes to the combined financial statements (continued)
for the year ended 31 December 2016**

1. Background and activities (continued)

Output 3: Improvement of livelihoods and provision of small scale infrastructure support by implementing subprojects to be selected in accordance with the project administration manual.

Output 4: Project management and support services including provide support services and build capacity on project administration, procurement, financial management, progress reporting, impact monitoring, social and environmental safeguards and contract management.

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS (Greater Mekong Subregion Biodiversity Conservation Corridors Project)				
CATEGORY				ADB FINANCING
Number	Item	Amount Allocated (US\$)		Percentage and Basis for Withdrawal from the Grant Account
		Category	Sub-category	
1	Civil works	3,343,700		100% of total expenditure
2	Vehicles and equipment	880,100		
2A	Vehicles		447,000	100% of total expenditure
2B	Equipment		433,100	100% of total expenditure
3	Goods and services	6,730,200		100% of total expenditure
4	Livelihood inputs	795,300		100% of total expenditure
5	Training and others	924,700		100% of total expenditure
6	Consultant services	2,930,700		100% of total expenditure
7	Project management	1,311,300		100% of total expenditure
8	Recurrent costs	2,084,000		100% of total expenditure
	Total	19,000,000		

In accordance with the Project's midterm review findings in December 2014, the ADB approved to re-allocate the total budget of Grant 0241 through their letter dated 22 April 2015.

The reallocation of ADB Grant No. 0241 – CAM (SF) and the allocation of additional financing budget of ADB Grant No. 0426 – CAM (SCF) is presented separately in the two tables below.

**Ministry of Agriculture, Forestry and Fisheries, and
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Greater Mekong Subregion Biodiversity Conservation Corridors Project

ADB Grant No. 0241 – CAM (SF) and No. 0426 – CAM (SCF)

**Notes to the combined financial statements (continued)
for the year ended 31 December 2016**

1. Background and activities (continued)

REALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS (Greater Mekong Subregion Biodiversity Conservation Corridors Project)					
CATEGORY				ADB FINANCING	
Number	Items	Amount reallocated (US\$) ADB Grant 0241		Total category amount US\$	Percentage and basis for withdrawal from the Grant Account
		Category	Sub- category		
1	Civil Works	3,534,100		3,534,100	100% of total expenditure
2	Vehicles and equipment	946,600		946,600	
2A	Vehicles		452,500		100% of total expenditure
2B	Equipment		494,100		100% of total expenditure
3	Goods and services	3,932,020		3,996,020	100% of total expenditure
4	Livelihood inputs	2,481,000		2,481,000	100% of total expenditure
5	Training and others	603,900		603,900	100% of total expenditure
6	Consultant services	6,400,300		6,400,300	100% of total expenditure
7	Project management	870,040		870,040	100% of total expenditure
8	Recurrent costs	232,040		232,040	100% of total expenditure
		19,000,00		19,000,000	

**Ministry of Agriculture, Forestry and Fisheries, and
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Greater Mekong Subregion Biodiversity Conservation Corridors Project

ADB Grant No. 0241 – CAM (SF) and No. 0426 – CAM (SCF)

**Notes to the combined financial statements (continued)
for the year ended 31 December 2016**

1. Background and activities (continued)

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS (Greater Mekong Subregion Biodiversity Conservation Corridors Project)					
CATEGORY					ADB FINANCING
Number	Items	Amount allocated (US\$) ADB Grant 0426		Total category amount US\$	Percentage and basis for withdrawal from the Grant Account
		Category	Sub- category		
1	Civil Works	3,825,000		3,825,000	100% of total expenditure
2	Vehicles and equipment	90,000		90,000	
2A	Vehicles		31,000		100% of total expenditure
2B	Equipment		59,000		100% of total expenditure
3	Goods and services	64,000		64,000	100% of total expenditure
4	Capacity building, training and workshops	1,113,000		1,113,000	100% of total expenditure
5	Consultant services	1,669,000		1,669,000	100% of total expenditure
6	Project implementation and Management	639,000		639,000	100% of total expenditure
6A	Project Management		501,000		
6B	Contracted staff positions		138,000		
		7,400,000		7,400,000	

2. Significant accounting policies

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

(a) Basis of accounting

The combined financial statements, which are expressed in the United States Dollars ("US\$") have been prepared in accordance with a modified cash basis of accounting. This is a basis of accounting that is designed to meet the requirement of the Project; it is not designed to produce combined financial statements that are compatible with International Financial Reporting Standards. Under this basis of accounting, receipts are recognised when funds are received in cash and expenditure is recognised when made rather than incurred, except for the advance made to staff and contractors that are initially recognised as a receivable and only recognised as expenditure when they have been liquidated by supporting invoices.

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Greater Mekong Subregion Biodiversity Conservation Corridors Project
ADB Grant No. 0241 – CAM (SF) and No. 0426 – CAM (SCF)

Notes to the combined financial statements (continued)
for the year ended 31 December 2016

2. Significant accounting policies (continued)

(b) Basis of combination

The Project's financial statements comprise the financial statements of all implementing agencies. All inter-implementing agency balances and transactions have been eliminated.

(c) Combined statement of imprest accounts

The combined statement of imprest accounts is prepared in accordance with the Grant Agreement, and is used to receive and disburse for expenditure financed by the ADB grant proceeds.

(d) Non-expendable equipment

The cost of non-expendable equipment is charged to the combined statement of receipts and expenditure upon acquisition. For control and management purposes, a memorandum account for non-expendable equipment is maintained by way of a non-expendable equipment listing.

(e) Foreign currency translations

The Project executes transactions and maintains its accounting records primarily in US\$. Transactions in currencies other than US\$ are converted into US\$ at the exchange rates prevailing on the transaction dates. Cash in currencies other than US\$ are converted into US\$ at the open market exchange rates at the year end date. All foreign exchange differences are recognised in the combined statement of receipts and expenditure, and the combined statement of imprest accounts.

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Greater Mekong Subregion Biodiversity Conservation Corridors Project
ADB Grant No. 0241 – CAM (SF) and No. 0426 – CAM (SCF)

Notes to the combined financial statements (continued)
for the year ended 31 December 2016

3. Cash on hand

	As at 31 December 2016			As at
	Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$	Total US\$	31 December 2015 US\$
Imprest accounts	335	-	335	844
Sub-accounts				
Koh Kong	1,360	-	1,360	154
Mondulhiri	621	-	621	-
	<u>2,316</u>	<u>-</u>	<u>2,316</u>	<u>998</u>

4. Cash at bank

	As at 31 December 2016			As at
	Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (EF) US\$	Total US\$	31 December 2015 US\$
Imprest accounts	463,508	602,790	1,066,298	765,561
Sub-accounts				
Koh Kong	42,692	-	42,692	141
Mondulhiri	81,045	-	81,045	2,701
	<u>587,245</u>	<u>602,790</u>	<u>1,190,035</u>	<u>768,403</u>

**Ministry of Agriculture, Forestry and Fisheries, and
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Greater Mekong Subregion Biodiversity Conservation Corridors Project

ADB Grant No. 0241 – CAM (SF) and No. 0426 – CAM (SCF)

**Notes to the combined financial statements (continued)
for the year ended 31 December 2016**

5. Advance to staff

This represents cash advance to staff for implementing the Project's activities in December 2016. The amounts were subsequently settled in the early 2017.

6. Advance to contractors

	As at 31 December 2016 US\$	As at 31 December 2015 US\$
Direct payment		
Consulting service – World Wide Fund for Nature – joint venture with Wildlife Conservation Society	261,712	-
Imprest accounts		
Training – CEDAC	9,874	-
	<u>271,586</u>	<u>-</u>

**Ministry of Agriculture, Forestry and Fisheries, and
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Greater Mekong Subregion Biodiversity Conservation Corridors Project
ADB Grant No. 0241 – CAM (SF) and No. 0426 – CAM (SCF)

Notes to the combined financial statements (continued)
for the year ended 31 December 2016

7. Receipts

	Year ended 31 December 2016		Year ended 31 December 2015 US\$	Cumulative period from 21 March 2011 to 31 December 2016 US\$
	Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$		
Transfers to the imprest accounts				
Initial advances (*)	-	603,100	-	2,503,100
Replenishments (*)	1,482,948	-	944,646	3,219,281
	1,482,948	603,100	944,646	5,722,381
Direct payments (**)	508,374	-	412,180	2,067,976
Total	1,991,322	603,100	1,356,826	7,790,357

(*) Receipts from the ADB for the Grant No. 0241 – CAM (SF) and No. 0426 – CAM (SCF) were paid into the the imprest accounts held at ACLEDA Bank Plc. The bank accounts are operated exclusively for ADB funds of the two grants.

(**) Direct payments represent payments made by ADB directly to the contractors on behalf of the Project.

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8. Expenditure by disbursement category and financier

Particulars	% of financing	ADB Grant 0241 – CAM (SF)		ADB Grant 0426 – CAM (SCF) (*)		Total
		Actual expenditure		Actual expenditure		
		US\$	%	US\$	%	
Equipment and vehicles	100	4,307	100	-	-	4,307
Consultant services	100	686,281	100	-	-	686,281
Goods and services	100	860,909	100	310	100	861,219
Project management	100	237,505	100	-	-	237,505
Recurrent costs	100	-	-	-	-	-
Training and others	100	65,267	100	-	-	65,267
Civil Works	100	-	-	-	-	-
Livelihood inputs	100	54,743	100	-	-	54,743
Total payments – 31 December 2016		1,909,012		310		1,909,322
% of total project costs – 31 December 2016		10.05%		0%		7.23%
% of cumulative cost to total project costs – 31 December 2016		33.26%		0%		23.94%

* No expenditure incurred for the period from 3 August 2015 to 31 December 2015 for the ADB Grant No 0426-CAM (SF).

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9. Equipment and vehicles

	Year ended 31 December 2016			Year ended	Cumulative
	Imprest	Direct	Total	31 December 2015	period from
	account	payments			23 March 2011 to
	US\$	US\$	US\$	US\$	31 December 2016
					US\$
Equipment	4,307	-	4,307	4,065	364,018
GIS software	-	-	-	-	58,254
Vehicles	-	-	-	-	410,218
	<u>4,307</u>	<u>-</u>	<u>4,307</u>	<u>4,065</u>	<u>832,490</u>

10. Consultant services

	Year ended 31 December 2016			Year ended	Cumulative
	Imprest	Direct	Total	31 December 2015	period from
	account	payments			23 March 2011 to
	US\$	US\$	US\$	US\$	31 December 2016
					US\$
National financial consultant	19,440	-	19,440	19,440	69,300
National translator/Interpreter	16,920	-	16,920	16,920	50,115
National project management staff	199,771	-	199,771	55,507	262,568
Lao Consulting Group Co., Ltd.	73,594	246,662	320,256	412,180	1,465,668
National procurement specialist	47,160	-	47,160	5,900	87,130
Supplementary allowance	57,680	-	57,680	28,000	85,680
Livelihood officer	11,591	-	11,591	-	11,591
International procurement specialist	6,041	-	6,041	16,470	22,511
Forest enhancement auditor	7,422	-	7,422	-	7,422
	<u>439,619</u>	<u>246,662</u>	<u>686,281</u>	<u>554,417</u>	<u>2,061,985</u>

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11. Goods and services

	Year ended 31 December 2016		Total US\$	Year ended 31 December 2015 US\$	Cumulative period from 21 March 2011 to 31 December 2016 US\$
	Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$			
Forest management	174,587	-	174,587	-	174,587
Boundary pole demarcation	108,632	-	108,632	-	108,632
Forest management implementation	94,496	-	94,496	151,758	318,421
Office supplies	12,172	-	12,172	17,018	75,562
Communication and internet service	5,168	-	5,168	14,482	49,254
Petroleum	15,317	-	15,317	21,719	116,147
Plant seedling purchase/maintenance for restoration	343,933	-	343,933	299,280	961,515
Repairs and maintenance	50,490	-	50,490	20,417	113,586
Professional fee	2,420	-	2,420	-	4,180
Forest fire control	37,180	-	37,180	-	37,180
Natural regeneration site identification	1,540	-	1,540	-	1,540
Others	14,974	310	15,284	16,769	80,989
	<u>860,909</u>	<u>310</u>	<u>861,219</u>	<u>541,443</u>	<u>2,041,593</u>

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12. Project management

	Year ended 31 December 2016 US\$	Year ended 31 December 2015 US\$	Cumulative period from 23 March 2011 to 31 December 2016 US\$
Per-diem/daily subsistence allowance	109,180	28,622	257,998
Materials for workshop/training/meeting	53,359	10,903	179,290
Materials for community formulation	5,723	18,715	34,308
Materials for boundary demarcation	4,614	1,559	70,900
Materials for community assessment	-	-	27,577
Materials for setup demonstration plant	-	-	9,444
Materials for community forest management plans	64,629	-	64,629
	<u>237,505</u>	<u>59,799</u>	<u>644,146</u>

13. Recurrent costs

	Year ended 31 December 2016 US\$	Year ended 31 December 2015 US\$	Cumulative period from 23 March 2011 to 31 December 2016 US\$
Project staff	-	32,960	347,914
Administrative staff	-	7,640	94,645
	<u>-</u>	<u>40,600</u>	<u>442,559</u>

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14. Training and others

	Year ended 31 December 2016 US\$	Year ended 31 December 2015 US\$	Cumulative period from 23 March 2011 to 31 December 2016 US\$
Capacity building:			
Provincial, District, Commune Levels	20,997	17,601	150,403
GIS software usage	-	-	16,615
Project financial management	-	-	9,599
Strategic planning process:			
Consultation Workshop	12,248	-	12,248
Study tour:			
Oversea	14,258	-	14,258
Local	17,764	-	17,764
	<u>65,267</u>	<u>17,601</u>	<u>220,887</u>

15. Livelihood inputs

This represents payments made to International Institute of Rural Reconstruction (IIRR) in association with Cambodian Center for Study and Development in Agriculture ("CEDAC") for the training to the target communities on their training hour charged by individual trainer and other costs.

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Notes to the combined financial statements (continued)
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16. Combined statement of withdrawals

Ministry of Agriculture, Forestry and Fisheries

Withdrawal applications			Categories						Total
No	Date	Currency	Equipment	Consultant services (*)	Goods and services	Project Management	Training and others	Livelihood inputs	
Imprest accounts									
Grant No. 0241									
F0015	07-Apr-16	US\$	-	31,620	117,962	29,870	1,840	-	181,292
F0016	13-Jun-16	US\$	-	27,125	29,735	34,584	14,443	13,465	119,352
F0018	26-Sep-16	US\$	-	29,810	89,335	24,732	11,789	-	155,666
F0019 (**)		US\$	1,030	51,129	31,370	28,794	7,761	19,949	140,033
Grant No. 0426									
N/A(**)		US\$	-	-	310	-	-	-	310
Direct payments									
F0013 (***)	27-Nov-15	US\$	-	63,036	-	-	-	-	63,036
F0017 (***)	12-Sep-16	US\$	-	60,295	-	-	-	-	60,295
Total amount in US\$ (A)			1,030	263,015	268,712	117,980	35,833	33,414	719,984
(*) The balance has excluded 50% of national translator/interpreter, and national financial consultant of US\$18,180.									
(**) Represent the expenditures incurred which have not yet claimed as at 31 December 2016.									
(***) Represent the withdrawal application submitted by MAFF which were 50% shared by MOE for the expenditure.									

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Notes to the combined financial statements (continued)
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16. Combined statement of withdrawals (continued)

Ministry of Environment

Withdrawal applications			Categories						
No	Date	Currency	Equipment	Consultant services (****)	Goods and services	Project Management	Training and others	Livelihood inputs	Total
Imprest accounts									
E0025	8-Apr-16	US\$	-	82,873	99,881	25,131	875	-	208,760
E0026	6-Jul-16	US\$	2,143	59,891	125,070	20,476	3,539	-	211,119
E0028	30-Nov-16	US\$	572	62,730	250,688	28,795	3,882	-	346,667
N/A (*)		US\$	562	94,441	116,868	45,123	21,138	21,329	299,461
Direct payments									
F0017 (**)	3-Nov-16	US\$	-	60,295	-	-	-	-	60,295
F0013 (***)	5-Feb-16	US\$	-	63,036	-	-	-	-	63,036
Total amount in US\$ (B)			3,277	423,266	592,507	119,525	29,434	21,329	1,189,338
Total amount in US\$ (A+B)			4,307	686,281	861,219	237,505	65,267	54,743	1,909,322

(*) Represent the withdrawal application submitted for the expenditures incurred in 2016, however which have not yet been replenished during the year.
(**): Represent the withdrawal application submitted by MAFF which was shared 50% of US\$120,590 by MOE for the expenditure recorded in the year 2016.
(***): Represent the withdrawal application submitted by MAFF which was shared 50% of US\$126,072 by MOE for the expenditure recorded in the year 2016.
(****): The balance is inclusive of US\$18,180, a 50% sharing cost of 12-month consultant expense from MAFF.

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Notes to the combined financial statements (continued)
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17. Combined statement of disbursement

Details of statement of disbursement from ADB are as follows:

	Year ended 31 December 2016		Total US\$	Year ended 31 December 2015 US\$	Cumulative period from 22 March 2011 to 31 December 2016 US\$
	Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$			
ADB Fund claims during the year					
Replenishments	1,352,092	-	1,352,092	944,646	3,943,063
Direct payments	377,518	-	377,518	412,180	1,937,120
Subtotal	1,729,610	-	1,729,610	1,356,826	5,880,183
Total expenditure made during the year					
Expenditure not yet claimed	1,909,012	310	1,909,322	1,220,431	6,319,988
Expenditure incurred in prior year but claims during the year	(439,494)	(310)	(439,804)	(260,093)	(1,096,385)
	260,092	-	260,092	396,488	656,580
Total eligible expenditure claimed (A=E+B+C+D)	1,729,610	-	1,729,610	1,356,826	5,880,183

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**Notes to the combined financial statements (continued)
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18. Commitments

As at 31 December 2016, the Project has the following commitments:

	As at 31 December 2016 US\$	As at 31 December 2015 US\$
Contracted, but not yet paid:		
Lao Consulting Group Co., Ltd.	1,856,632	2,176,888
National financial consultant	17,010	36,450
National translator/interpreter	21,080	38,000
National project management	209,000	386,231
International procurement specialist	-	7,700
National procurement specialist	106,110	153,270
	<u>2,209,832</u>	<u>2,798,539</u>

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**Appendix I: Combined statement of comparison of budget and actual expenditure
for the year ended 31 December 2016**

Description Grant No. 0241	Year ended 31 December 2016			Year ended 31 December 2015			Cumulative for the period from 23 March 2011 to 31 December 2016		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
		(*)							
Civil works	7,500	-	(7,500)	900,925	2,506	(898,419)	1,387,450	5,063	(1,382,387)
Equipment and vehicles	104,556	4,307	(100,249)	507,526	4,065	(503,461)	1,408,632	832,490	(576,142)
Consultant services	1,456,146	686,281	(769,865)	2,196,360	554,417	(1,641,943)	4,206,906	2,061,985	(2,144,921)
Goods and services	1,062,071	860,909	(201,162)	2,023,369	541,443	(1,481,926)	3,855,584	2,041,283	(1,814,301)
Project management	338,721	237,505	(101,216)	589,980	59,799	(530,181)	1,384,106	644,146	(739,960)
Recurrent costs	-	-	-	381,050	40,600	(340,450)	740,880	442,559	(298,321)
Training and others	163,133	65,267	(97,866)	523,085	17,601	(505,484)	937,803	220,887	(716,916)
Livelihood inputs	100,000	54,743	(45,257)	1,382,800	-	(1,382,800)	1,900,100	71,265	(1,828,835)
	3,232,127	1,909,012	(1,323,115)	8,505,095	1,220,431	(7,284,664)	15,821,461	6,319,678	(9,501,783)
(*): The actual expense excluded the amount of US\$310 for Grant No. 0426.									

(*) : The actual expense excluded the amount of US\$310 for Grant No. 0426.