

Audited Project Financial Statements

Project Number: 40253-023
Grants Number: 0241/0426
Period Covered: 1 January to 31 December 2016

Cambodia: GMS Biodiversity Conservation Corridors Project

Prepared by: Project Implement Unit (PIU), General Directorate of Local Communities (GDLC), Ministry of Environment.

For the Asian Development Bank
Date received by ADB: 27 June 2017

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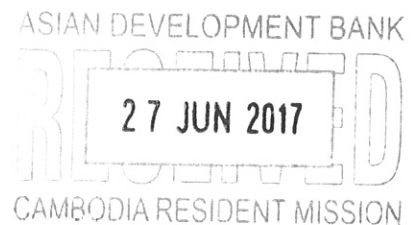
KINGDOM OF CAMBODIA
Nation Religion King



Ministry of Economy and Finance
General Department of International Cooperation
and Debt Management
Department of Multilateral Cooperation
Office of Multilateral Cooperation 1
Fax: (855) 23 42 84 24

Phnom Penh, 27 June 2017


Mr. Januar Hakim
Senior Portfolio Management Specialist
ADB Cambodia Resident Mission
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Phnom Penh, Cambodia
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Subject: ADB Grant No. 0241-CAM(SF)/No. 0426-CAM(SCF): Greater Mekong Subregion
Biodiversity Conservation Corridors Project
– Financial Statements and Management Letter

Dear Mr. Januar Hakim,

We are pleased to submit the Financial Statements and Management Letter of the above project implemented by the Ministry of Environment for the year ended 31 December 2016.

Sincerely yours, 



Veng Youim
Chief
Office of Multilateral Cooperation 1

**ROYAL GOVERNMENT OF CAMBODIA
MINISTRY OF ENVIRONMENT**

**Greater Mekong Subregion Biodiversity
Conservation Corridors Project**

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

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



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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* The appendix does not form part of the audited financial statements and provided for information purpose only.	

Ministry of Agriculture, Forestry and Fisheries
Forestry Administration (FA)
GMS Biodiversity Conservation Corridors Project – Additional Financing
ADB Grant No. 0241-CAM(SF) & 0426-CAM(SCF)

Statement by the management

I do hereby state that in my opinion:

- (a) The accompanying financial statements, which comprise the statement of financial position as at 31 December 2016, the statement of receipts and expenditure, and the statement of imprest accounts for the year then ended, and notes, as set out on pages 5 to 26 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 Environment are prepared, in all material respects, in accordance with the basis of accounting and the accounting policies described in Note 2 to the financial statements.
- (b) The disbursements shown in the financial statements were implemented according to the Grant Agreement 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,



Meng Monyrak
Project Director
Ministry of Environment

Phnom Penh, Kingdom of Cambodia

Date: 26 JUN 2017



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Report of the independent auditors To the Ministry of Economy and Finance Royal Government of Cambodia

Opinion

We have audited the accompanying 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 Grant No. 0426 – CAM (SCF), and implemented by the Ministry of Environment ("the Executing Agency" or "EA"), which comprise the statement of financial position as at 31 December 2016, the statement of receipts and expenditure, and the statement of imprest accounts for the year then ended and notes, comprising significant accounting policies and other explanatory information, as set out on pages 5 to 26 ("financial statements").

In our opinion, the accompanying 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 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 Financial Statements section of our report. We are independent of the Project in accordance with the ethical requirements that are relevant to our audit of the financial statements 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 financial statements and our auditors' report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 financial statements, which describes the basis of accounting and the accounting policies adopted by the Project. The 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 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 Financial Statements

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 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 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 Environment

Greater Mekong Subregion Biodiversity Conservation Corridors Project

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

Statement of financial position

As at 31 December 2016

		As at 31 December 2016		As at 31 December 2015 US\$
	Note	Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$	Total US\$
Current assets				
Cash on hand	3	1,048	-	1,048
Cash at bank	4	248,236	253,100	501,336
Advance to staff		1,162	-	1,162
Advance to contractors	5	130,856	-	130,856
		381,302	253,100	634,402
Current liability				
Amount due to ADB Grant No. 0241 – Ministry of Agriculture, Forestry and Fisheries	6	58,678	-	58,678
		322,624	253,100	575,724
Represented by:				
Fund balance at end of the year		322,624	253,100	575,724
				335,127

The accompanying notes form an integral part of these financial statements

Ministry of Environment

Greater Mekong Subregion Biodiversity Conservation Corridors Project

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

Statement of receipts and expenditure for the year ended 31 December 2016

	Note	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\$			
Receipts						
Asian Development Bank	7	1,176,835	253,100	1,429,935	747,796	4,122,723
Expenditure by disbursement category and financier	8					
Equipment and vehicles	9	3,277	-	3,277	2,615	317,042
Consultant services	10	423,266	-	423,266	297,025	1,129,330
Goods and services	11	592,507	-	592,507	392,426	1,397,605
Project management	12	119,525	-	119,525	42,810	337,610
Recurrent costs	13	-	-	-	20,510	221,235
Training and others	14	29,434	-	29,434	9,945	108,497
Livelihood inputs	15	21,329	-	21,329	-	35,680
		1,189,338	-	1,189,338	765,331	3,546,999
(Deficit)/excess of receipts over expenditure		(12,503)	253,100	240,597	(17,535)	575,724
Fund balance at beginning of the year		335,127	-	335,127	352,662	
Fund balance at end of the year		322,624	253,100	575,724	335,127	

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

Ministry of Environment

Greater Mekong Subregion Biodiversity Conservation Corridors Project

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

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	922,648	253,100	1,175,748	541,706	3,219,591
Expenditure by disbursement category and financier						
Equipment and vehicles	9	3,277	-	3,277	2,615	109,947
Consultant services	10	299,935	-	299,935	90,935	433,293
Goods and services	11	592,507	-	592,507	392,426	1,397,605
Project management	12	119,525	-	119,525	42,810	337,610
Recurrent costs	13	-	-	-	20,510	221,235
Training and others	14	29,434	-	29,434	9,945	108,497
Livelihood inputs	15	21,329	-	21,329	-	35,680
		1,066,007	-	1,066,007	559,241	2,643,867
(Deficit)/excess of receipts over expenditure		(143,359)	253,100	109,741	(17,535)	575,724
Fund balance at beginning of the year		335,127	-	335,127	352,662	
Fund balance at the end of year		191,768	253,100	444,868	335,127	

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

Ministry of Environment

Greater Mekong Subregion Biodiversity Conservation Corridors Project

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

Statement of imprest accounts (continued) for the year ended 31 December 2016

	Note	As at 31 December 2016		Total US\$	As at 31 December 2015 US\$
		Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$		
Represented by					
Cash on hand	3	1,048	-	1,048	462
Cast at bank	4	248,236	253,100	501,336	375,163
Advance to staff		1,162	-	1,162	-
Amounts due to ADB Grant No. 0241 – Ministry of Agriculture, Forestry and Fisheries	6	(58,678)	-	(58,678)	(40,498)
		191,768	253,100	444,868	335,127

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

Ministry of Environment

Greater Mekong Subregion Biodiversity Conservation Corridors Project

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

Notes to the 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 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 Mondulkiri 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.

Ministry of Environment

Greater Mekong Subregion Biodiversity Conservation Corridors Project

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

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

1. Background and activities (continued)

The joint responsibility funded by the two grants under implementation of MOE is as follows:

- 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 Mondulakiri 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;
- 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 Mondulakiri 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 Mondulakiri 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.

Ministry of Environment

Greater Mekong Subregion Biodiversity Conservation Corridors Project

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

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

1. Background and activities (continued)

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.

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.

Ministry of Environment

Greater Mekong Subregion Biodiversity Conservation Corridors Project

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

Notes to the 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	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 separately presented in the two tables below:

Ministry of Environment

Greater Mekong Subregion Biodiversity Conservation Corridors Project

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

Notes to the 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 No. 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 Environment

Greater Mekong Subregion Biodiversity Conservation Corridors Project

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

Notes to the 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 No. 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	

Ministry of Environment

Greater Mekong Subregion Biodiversity Conservation Corridors Project

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

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

2. Significant accounting policies

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

(a) Basis of accounting

The 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 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 treatment of the following:

- (i) the amounts due to ADB Grant No. 0241 – MAFF are recognised as expenditure and payables.
- (ii) the advanced 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.

(b) Statement of imprest account

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

(c) Non-expendable equipment

The cost of non-expendable equipment is charged to the 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.

Ministry of Environment

Greater Mekong Subregion Biodiversity Conservation Corridors Project

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

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

2. Significant accounting policies (continued)

(d) 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 statement of receipts and expenditure, and the statement of imprest accounts.

Ministry of Environment

Greater Mekong Subregion Biodiversity Conservation Corridors Project

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

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

3. Cash on hand

	As at 31 December 2016		As at 31 December 2015 US\$
	Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$	Total US\$
Imprest accounts	15	-	15
Sub-accounts			
Koh Kong	468	-	468
Mondulhiri	565	-	565
	1,048	-	1,048
			462

4. Cash at bank

	As at 31 December 2016		As at 31 December 2015 US\$
	Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$	Total US\$
Imprest accounts	202,930	253,100	456,030
Sub-accounts			
Koh Kong	9,951	-	9,951
Mondulhiri	35,355	-	35,355
	248,236	253,100	501,336
			375,163

Ministry of Environment

Greater Mekong Subregion Biodiversity Conservation Corridors Project

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

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

5. Advance to contractors

This represents advance payment to World Wide Fund for Nature (in joint venture with Wildlife Conservation Society) on consulting service at 10% of the total contracted amount of US\$2,617,120. The consulting service is to be provided to both MAFF and MOE. The cost is shared at 50:50 to MAFF and MOE.

6. Amounts due to ADB Grant No. 0241 – Ministry of Agriculture, Forestry and Fisheries (“MAFF”)

This represents the amounts due to the ADB Grant No. 0241 – MAFF in respect of the 50% costs of the national translator/interpreter and the financial consultant, and the purchases of equipment that were made through the imprest accounts handled by the MAFF.

Ministry of Environment

Greater Mekong Subregion Biodiversity Conservation Corridors Project

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

Notes to the 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 account				
Initial advances (*)	-	253,100	-	1,203,100
Replenishments (*)	922,648	-	541,706	1,885,635
	922,648	253,100	541,706	3,088,735
Direct payments (**)	254,187	-	206,090	1,033,988
Total	1,176,835	253,100	747,796	4,122,723

(*) 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.

Ministry of Environment

Greater Mekong Subregion Biodiversity Conservation Corridors Project

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

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

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\$	%	US\$
Equipment and vehicles	100	3,277	100	-	-	3,277
Consultant services	100	423,266	100	-	-	423,266
Goods and services	100	592,507	100	-	-	592,507
Project management	100	119,525	100	-	-	119,525
Training and others	100	29,434	100	-	-	29,434
Livelihood inputs	100	21,329	100	-	-	21,329
Total payments for the year ended 31 December 2016		1,189,338		-	-	1,189,338
% of total project costs for the year ended 31 December 2016		6.26%				6.26%
% of cumulative cost to total Project costs – for the year ended 31 December 2016		18.67%				18.67%
(*) : No expenditure incurred for the period from 3 August 2015 to 31 December 2015 for the ADB Grant No.0426-CAM (SCF).						

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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	3,277	-	3,277	2,615	82,806
GIS software	-	-	-	-	29,127
Vehicles	-	-	-	-	205,109
	<u>3,277</u>	<u>-</u>	<u>3,277</u>	<u>2,615</u>	<u>317,042</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	9,720	-	9,720	9,720	34,650
National translator/Interpreter	8,460	-	8,460	8,460	25,058
National project management staff	120,000	-	120,000	35,855	159,500
Lao Consulting Group Co., Ltd.	66,194	123,331	189,525	206,090	762,231
National procurement specialist	47,160	-	47,160	5,900	68,490
International procurement specialist	6,041	-	6,041	16,470	22,511
Forest enhancement auditor	7,422	-	7,422	-	7,422
Livelihood officer	5,958	-	5,958	-	5,958
Supplementary allowance	28,980	-	28,980	14,530	43,510
	<u>299,935</u>	<u>123,331</u>	<u>423,266</u>	<u>297,025</u>	<u>1,129,330</u>

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

11. Goods and services

	Year ended 31 December 2016 US\$	Year ended 31 December 2015 US\$	Cumulative period from 23 March 2011 to 31 December 2016 US\$
Office supplies	6,742	3,477	32,531
Communication and internet service	4,411	4,256	25,170
Petroleum	9,985	16,084	75,521
Plant seedling purchase/maintenance for restoration	343,933	292,195	878,343
Repairs and maintenance	30,751	11,031	66,274
Forest management implementation	94,496	52,417	176,586
Professional fees	2,420	-	3,300
Office renovation	-	4,522	4,522
Forest fire control	37,180	-	37,180
Natural regeneration site identification	1,540	-	1,540
Boundary pole demarcation	56,120	-	56,120
Others	4,929	8,444	40,518
	<u>592,507</u>	<u>392,426</u>	<u>1,397,605</u>

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	54,458	15,458	130,199
Travelling	12,224	-	18,423
Materials for boundary demarcation	4,614	-	31,130
Community protected area's management plan	48,229	-	48,229
Materials for workshop/training/meeting	-	8,637	69,687
Materials for community formulation	-	18,715	23,924
Materials for community assessment	-	-	10,539
Materials for setup demonstration plant	-	-	5,479
	<u>119,525</u>	<u>42,810</u>	<u>337,610</u>

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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	-	15,700	176,580
Administrative staff	-	4,810	44,655
	-	20,510	221,235

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	4,414	9,945	66,711
GIS software usage	-	-	11,044
Project financial management	-	-	5,722
Strategic planning process:			
Consultation workshop	12,248	-	12,248
Study tour:			
Oversea	8,890	-	8,890
Local	3,882	-	3,882
	29,434	9,945	108,497

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 hours charged by individual trainer and other costs.

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

16. Statement of Withdrawals

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\$			3,277	423,266	592,507	119,525	29,434	21,329	1,189,338

(*): Represent the withdrawal application submitted for the expenditures incurred in 2016, but have yet been replenished during the year.

(**): Represent the withdrawal application submitted by MAFF which was shared at 50% of US\$120,590 by MOE for the expenditure recorded during the year 2016.

(***): Represent the withdrawal application submitted by MAFF which was shared at 50% of US\$126,072 by MOE for the expenditure recorded during the year 2016.

(****): The balance is inclusive of US\$18,180, a 50% cost of 12-month consultant expense from MAFF.

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17. Statement of disbursement

Details of statement of disbursement from ADB are as follows:

		Year ended 31 December 2016 US\$	Year ended 31 December 2015 US\$	Cumulative period from 23 March 2011 to 31 December 2016 US\$
ADB fund claims during the year				
Reimbursements (*)		805,426	559,886	2,213,549
Direct payments		254,187	206,090	1,033,988
Subtotal	(A)	<u>1,059,613</u>	<u>765,976</u>	<u>3,247,537</u>
Total expenditure made during the year				
	(B)	1,189,338	765,331	3,546,999
<i>Expenditure not yet claimed</i>	(C)	(299,461)	(169,737)	(469,198)
<i>Expenditure incurred in prior year but claims during the year</i>	(D)	<u>169,736</u>	<u>170,382</u>	<u>169,736</u>
Total eligible expenditure claimed (A=E=B+C+D)	(E)	<u>1,059,613</u>	<u>765,976</u>	<u>3,247,537</u>

(*): The replenishments of US\$922,648 as stated in Note 7 is exclusive of advance payments to contractors amounting to US\$130,856 and inclusive of US\$13,634 of the 50% of consultant costs from MAFF.

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

18. Commitments

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

	31 December 2016 US\$	31 December 2015 US\$
Contracted, but not yet paid:		
Lao Consulting Group Co., Ltd.	898,919	1,088,444
National project management specialist	209,000	329,000
National Procurement Specialist	106,110	153,270
National translator/interpreter	4,207	12,667
National financial consultant	2,430	12,150
International procurement specialist	-	7,700
	<u>1,220,666</u>	<u>1,603,231</u>

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Appendix I: Statement of comparison of the budget and actual expenditure Report for the year ended 31 December 2016

Description	Year ended 31 December 2016			Year ended 31 December 2015			Cumulative 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)	210,500	-	(210,500)	697,025	-	(697,025)
Equipment and vehicles	52,400	3,277	(49,123)	53,000	2,615	(50,385)	901,951	317,042	(584,909)
Consultant services	774,819	423,266	(351,553)	636,500	297,025	(339,475)	1,965,719	1,129,330	(836,389)
Goods and services	631,996	592,507	(39,489)	562,440	392,426	(170,014)	1,964,580	1,397,605	(566,975)
Project management	190,679	119,525	(71,154)	56,700	42,810	(13,890)	702,784	337,610	(365,174)
Recurrent costs	-	-	-	16,000	20,510	4,510	375,830	221,235	(154,595)
Training and others	113,186	29,434	(83,752)	120,000	9,945	(110,055)	484,771	108,497	(376,274)
Livelihood inputs	50,000	21,329	(28,671)	311,500	-	(311,500)	778,800	35,680	(743,120)
	1,820,580	1,189,338	(631,242)	1,966,640	765,331	(1,201,309)	7,871,460	3,546,999	(4,324,461)