

# Audited Project Financial Statements

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Project Number: 40253-023  
Grants Number: 0241/0426  
Period Covered: 1 January to 31 December 2017

## 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: 28 September 2018

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**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 2017  
and  
Report of the Independent Auditors**

ASIAN DEVELOPMENT BANK  
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CAMBODIA RESIDENT MISSION

## **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 is provided for information purpose only.*

## **Ministry of Environment**

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

### **Statement by the management**

I, the undersigned, do hereby state that in my opinion:

- (a) The accompanying financial statements, which comprise the statement of financial position as at 31 December 2017, 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 28 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 ("MoE", "the Executing Agency" or "EA") 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 ("the Agreement") and the Project was in compliance with all grant covenants of the Agreement for the year ended 31 December 2017.

*Signed on behalf of the Project's management,*



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**Meng Monyrak**

*Project Director*

*Ministry of Environment*

Phnom Penh, Kingdom of Cambodia

Date: 8 AUG 2018



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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 2017, 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 28 (“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 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**



Taing YoukFong  
Partner

Phnom Penh, Kingdom of Cambodia

8 August 2018

## 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 2017

	Note	As at 31 December 2017			As at 31 December 2016 US\$
		Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$	Total US\$	
<b>Current assets</b>					
Cash on hand	3	827	1,000	1,827	1,048
Cash at bank	4	88,335	139,462	227,797	501,336
Advance to staff		1,410	-	1,410	1,162
Advance to contractors	5	78,515	-	78,515	130,856
		<u>169,087</u>	<u>140,462</u>	<u>309,549</u>	<u>634,402</u>
<b>Current liability</b>					
Amounts due to ADB Grant No. 0241 – Ministry of Agriculture, Forestry and Fisheries ("MAFF")	6	58,678	-	58,678	58,678
<b>Net assets</b>		<u>110,409</u>	<u>140,462</u>	<u>250,871</u>	<u>575,724</u>
<b>Represented by:</b>					
Fund balance at end of the year		<u>110,409</u>	<u>140,462</u>	<u>250,871</u>	<u>575,724</u>

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 2017

	Note	Year ended 31 December 2017			Year ended 31 December 2016 US\$	Cumulative period from 21 March 2011 to 31 December 2017 US\$
		Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$	Total US\$		
<b>Receipts</b>						
Asian Development Bank	7	1,078,464	66,470	1,144,934	1,429,935	5,267,657
<b>Expenditure by disbursement category and financier</b>						
Civil works	8					
Equipment and vehicles	9	64,877	-	64,877	-	64,877
Consultant services	10	2,436	7,597	10,033	3,277	327,075
Goods and services	11	536,358	134,736	671,094	423,266	1,800,424
Project management	12	228,611	1,828	230,439	592,507	1,628,044
Recurrent costs	13	264,597	26,911	291,508	119,525	629,118
Training and others	14	-	8,036	8,036	-	229,271
Livelihood inputs	15	129,177	-	129,177	29,434	237,674
	16	64,623	-	64,623	21,329	100,303
		1,290,679	179,108	1,469,787	1,189,338	5,016,786
<b>(Deficit)/excess of receipts over expenditure</b>		(212,215)	(112,638)	(324,853)	240,597	250,871
<b>Fund balance at beginning of the year</b>		322,624	253,100	575,724	335,127	
<b>Fund balance at end of the year</b>		110,409	140,462	250,871	575,724	

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 2017

	Note	Year ended 31 December 2017			Year ended 31 December 2016 US\$	Cumulative period from 21 March 2011 to 31 December 2017 US\$
		Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$	Total US\$		
<b>Receipts</b>						
Asian Development Bank	7	810,296	66,470	876,766	1,175,748	3,965,501
<b>Expenditure by disbursement category and financier</b>						
Civil works	9	64,877	-	64,877	-	64,877
Equipment and vehicles	10	2,436	7,597	10,033	3,277	119,980
Consultant services	11	215,849	134,736	350,585	299,935	783,878
Goods and services	12	228,611	1,828	230,439	592,507	1,628,044
Project management	13	264,597	26,911	291,508	119,525	629,118
Recurrent costs	14	-	8,036	8,036	-	229,271
Training and others	15	129,177	-	129,177	29,434	237,674
Livelihood inputs	16	64,623	-	64,623	21,329	100,303
		970,170	179,108	1,149,278	1,066,007	3,793,145
<b>(Deficit)/excess of receipts over expenditure</b>		(159,874)	(112,638)	(272,512)	109,741	172,356
<b>Fund balance at beginning of the year</b>		191,768	253,100	444,868	335,127	
<b>Fund balance at the end of year</b>		31,894	140,462	172,356	444,868	

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 2017

	Note	As at 31 December 2017			As at 31 December 2016 US\$
		Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$	Total US\$	
<b>Represented by</b>					
Cash on hand	3	827	1,000	1,827	1,048
Cast at bank	4	88,335	139,462	227,797	501,336
Advance to staff		1,410	-	1,410	1,162
Amounts due to ADB Grant No. 0241 – Ministry of Agriculture, Forestry and Fisheries	6	(58,678)	-	(58,678)	(58,678)
		<u>31,894</u>	<u>140,462</u>	<u>172,356</u>	<u>444,868</u>

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 2017**

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, ADB Grant No. 0241, 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. The grant’s effective date was 21 March 2011 and is expected to be closed by 31 March 2019.

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 million. 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 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 Monduliri 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;

## **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 2017**

### **1. Background and activities (continued)**

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

- 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 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.



## 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 2017

### 1. Background and activities (continued)

The Project has four outputs: (continued)

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.

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		

## 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 2017

### 1. Background and activities (continued)

On 10 April 2017, the Project requested to MEF to re-allocate the grant proceeds and further requested approval from ADB on 29 September 2017. As of the date of these financial statements, there has been no approval from ADB yet.

The requested re-allocation 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:

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	2,196,300		2,196,300	100% of total expenditure
1A	Forest land registration	600,000		600,000	100% of total expenditure
2	Vehicles and equipment	844,772		844,772	100% of total expenditure
2A	Vehicles		410,220		100% of total expenditure
2B	Equipment		434,552		100% of total expenditure
3	Goods and services	4,464,660		4,464,660	100% of total expenditure
4	Livelihood inputs	2,481,000		2,481,000	100% of total expenditure
5	Training and others	581,037		581,037	100% of total expenditure
6	Consultant services	6,117,097		6,117,097	100% of total expenditure
7	Project management	1,483,094		1,483,094	100% of total expenditure
8	Recurrent costs	232,040		232,040	100% of total expenditure
		<b>19,000,000</b>		<b>19,000,000</b>	

## 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 2017

### 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. 0426		Total category amount US\$	Percentage and basis for withdrawal from the Grant Account
		Category	Sub-category		
1	Civil works	3,151,000		3,151,000	100% of total expenditure
1A	Forest land registration	650,000		650,000	
2	Vehicles and equipment	127,331		127,331	
2A	Vehicles		78,745		100% of total expenditure
2B	Equipment		48,586		100% of total expenditure
3	Goods and services	10,300		10,300	100% of total expenditure
4	Capacity building, training and workshops	1,096,420		1,096,420	100% of total expenditure
5	Consultant services	2,032,220		2,032,220	100% of total expenditure
6A	Project management	284,059		284,059	100% of total expenditure
6B	Contracted staff positions	48,670		48,670	100% of total expenditure
		<b>7,400,000</b>		<b>7,400,000</b>	

### 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 receipts and disbursement 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.

## **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 2017**

## **2. Significant accounting policies (continued)**

### **(a) Basis of accounting (continued)**

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 followings:

- (i) The advances made to staff and contractors are initially recognised as a receivable and only recognised as expenditure when they have been liquidated by supporting invoices; and
- (ii) Due to ADB Grant No. 0241 – MAFF is recognised as payables until they are settled.

### **(b) Statement of imprest accounts**

The 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.

### **(c) Non-expendable equipment**

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

### **(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 2017

### 3. Cash on hand

	As at 31 December 2017			As at 31 December 2016 US\$
	Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$	Total US\$	
Imprest accounts	173	1,000	1,173	15
Sub-accounts				
Koh Kong	395	-	395	468
Mondulkiri	178	-	178	565
Koh Kong Salakhet Unit ("SLU")	81	-	81	-
	827	1,000	1,827	1,048



## 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 2017

#### 4. Cash at bank

	As at 31 December 2017			As at 31 December 2016 US\$
	Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$	Total US\$	
Imprest accounts	53,333	139,462	192,795	456,030
Sub-accounts				
Koh Kong	28,273	-	28,273	9,951
Mondulkiri	6,641	-	6,641	35,355
Koh Kong Salakhet Unit ("SLU")	88	-	88	-
	<u>88,335</u>	<u>139,462</u>	<u>227,797</u>	<u>501,336</u>

#### 5. Advance to contractors

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

During the year, the Project liquidated advance amounting to US\$52,341 (2016: Nil).

## 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 2017

### 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 in the previous year that were made through the imprest accounts handled by the MAFF.

### 7. Receipts

	Year ended 31 December 2017		Year ended 31 December 2016 US\$	Cumulative period from 21 March 2011 to 31 December 2017 US\$
	Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$		
Transfers to the imprest accounts				
Initial advances (*)	154,638	-	253,100	1,357,738
Replenishments (*)	655,658	66,470	922,648	2,607,763
Direct payments (**)	810,296	66,470	1,175,748	3,965,501
	268,168	-	254,187	1,302,156
Total	1,078,464	66,470	1,429,935	5,267,657

(\*) Receipts from the ADB for the Grant No. 0241 – CAM (SF) and No. 0426 – CAM (SCF) were paid into 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 2017

#### 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\$	%	
Civil works	100	64,877	100	-	100	64,877
Equipment and vehicles	100	2,436	100	7,597	100	10,033
Consultant services	100	536,358	100	134,736	100	671,094
Goods and services	100	228,611	100	1,828	100	230,439
Project management	100	264,597	100	26,911	100	291,508
Recurrent costs	100	-	100	8,036	100	8,036
Training and others	100	129,177	100	-	100	129,177
Livelihood inputs	100	64,623	100	-	100	64,623
Total payments for the year ended 31 December 2017		1,290,679		179,108	-	1,469,787
% of total project costs for the year ended 31 December 2017		6.79%		2.42%		5.57%
% of cumulative cost to total Project costs – for the year ended 31 December 2017		25.46%		2.42%		19.00%

## Greater Mekong Subregion Biodiversity Conservation Corridors Project

**Notes to the financial statements (continued)**  
**for the year ended 31 December 2017**

	Year ended 31 December 2017		Year ended 31 December 2016		Cumulative period from 21 March 2011 to 31 December 2017 US\$
	Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$	Total US\$	31 December 2016 US\$	
Small-scale Infrastructure	64,877	-	64,877	-	64,877

## 10. Equipment and vehicles

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## 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 2017

### 11. Consultant services

	Year ended 31 December 2017			Year ended 31 December 2016 US\$	Cumulative period from 21 March 2011 to 31 December 2017 US\$
	Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$	Total US\$		
National financial consultant	-	-	-	9,720	34,650
National translator/Interpreter	-	-	-	8,460	25,058
National project management staff	115,971	-	115,971	120,000	275,471
Lao Consulting Group Co., Ltd.	268,168	-	268,168	189,525	1,030,399
National procurement specialist	23,580	-	23,580	47,160	92,070
International procurement specialist	-	32,759	32,759	6,041	55,270
Forest enhancement auditor	8,492	-	8,492	7,422	15,914
Livelihood officer	17,560	-	17,560	5,958	23,518
Supplementary allowance	27,520	-	27,520	28,980	71,030
Village Development Fund	9,154	-	9,154	-	9,154
WWF	65,913	-	65,913	-	65,913
Design and supervision	-	101,977	101,977	-	101,977
	536,358	134,736	671,094	423,266	1,800,424



## 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 2017

#### 11. Consultant services (continued)

The payments on consultant service are allocated as follows:

	Year ended 31 December 2017		Year ended 31 December 2016 US\$	Cumulative period from 21 March 2011 to 31 December 2017 US\$
	Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$		
Direct payments	268,168	-	123,331	964,205
Replenishments	215,849	134,736	299,935	783,878
Liquidation of advance (Note 5)	52,341	-	-	52,341
	<u>536,358</u>	<u>134,736</u>	<u>423,266</u>	<u>1,800,424</u>

## 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 2017

## 12. Goods and services

	Year ended 31 December 2017		Year ended 31 December 2016 US\$	Cumulative period from 21 March 2011 to 31 December 2017 US\$
	Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$		
Forest management implementation	83,657	-	94,496	260,243
Forest fire control	42,293	-	37,180	79,473
Plant seedling purchase/maintenance for restoration	31,141	-	343,933	909,484
Repairs and maintenance	16,988	-	30,751	83,262
CPA Guideline	12,300	-	-	12,300
Petroleum	11,433	134	9,985	87,088
Office supplies	6,311	230	6,742	39,072
Solar system	4,490	-	-	4,490
Communication and internet service	4,018	-	4,411	29,188
Boundary pole demarcation	3,050	-	56,120	59,170
Professional fee	3,410	-	2,420	6,710
Natural regeneration site identification	-	-	1,540	1,540
Office renovation	-	-	-	4,522
Others	9,520	1,464	4,929	51,502
	<u>228,611</u>	<u>1,828</u>	<u>592,507</u>	<u>1,628,044</u>
				<u>1,628,044</u>

## 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 2017

### 13. Project management

	Year ended 31 December 2017			Year ended 31 December 2016 US\$	Cumulative period from 21 March 2011 to 31 December 2017 US\$
	Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$	Total US\$		
Community protected area's management plan	106,543	-	106,543	48,229	236,742
Per-diem/daily subsistence allowance	90,707	907	91,614	54,458	110,037
Materials for workshop/training/meeting	-	26,004	26,004	-	74,233
Consultant to verify small scale infrastructure	23,970	-	23,970	-	93,657
Budget and workplan	16,760	-	16,760	-	40,684
Travelling	-	-	-	12,224	5,479
Refreshment	477	-	477	-	11,016
Materials for boundary demarcation	-	-	-	4,614	-
Other	26,140	-	26,140	-	57,270
	<u>264,597</u>	<u>26,911</u>	<u>291,508</u>	<u>119,525</u>	<u>629,118</u>

## 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 2017

#### 14. Recurrent costs

	Year ended 31 December 2017		Year ended 31 December 2016 US\$	Cumulative period from 21 March 2011 to 31 December 2017 US\$
	Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$		
Administrative staff	-	8,036	-	52,691
Project staff	-	-	-	176,580
	-	8,036	-	229,271

## 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 2017

### 15. Training and others

	Year ended 31 December 2017		Year ended 31 December 2016 US\$	Cumulative period from 21 March 2011 to 31 December 2017 US\$
	Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$		
Capacity building:				
Provincial, District, Commune Levels	39,287	-	4,414	105,998
GIS software usage	-	-	-	11,044
Project financial management	-	-	-	5,722
Strategic planning process:				
Consultation workshop	72,366	-	12,248	84,614
Study tour:				
Overseas	8,890	-	8,890	17,780
Local	8,634	-	3,882	12,516
	<u>129,177</u>	<u>-</u>	<u>29,434</u>	<u>237,674</u>

### 16. Livelihood inputs

This represents payments made to World Wide Fund (WWF) for the Livelihood Improvement Strategy Development and Implementation and community saving groups.



## 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 2017

### 17. Statement of withdrawals

Withdrawal applications			Categories								
No	Date	Currency	Civil work	Equipment and vehicles	Consultant services	Goods and services	Project management	Recurrent costs	Training and others	Livelihood inputs	Total
ADB Grant No. 0241											
E0030	12-May-17	US\$	-	-	48,585	-	-	-	-	-	48,585
E0034	11-Sep-17	US\$	-	-	50,685	-	-	-	-	-	50,685
F0020	24-Mar-17	US\$	-	-	84,716	-	-	-	-	-	84,716
F0023	26-Jun-17	US\$	-	-	30,078	-	-	-	-	-	30,078
F0026	28-Nov-17	US\$	-	-	54,103	-	-	-	-	-	54,103
E0032	17-Jul-17	US\$	-	-	51,676	36,412	67,453	-	11,524	-	167,065
E0033	2-Nov-17	US\$	-	2,192	63,528	57,282	46,751	-	10,761	13,163	193,677
N/A (*)		US\$	64,877	244	100,646	134,917	150,393	-	106,892	51,460	609,429
Sub-total (a)			64,877	2,436	484,017	228,611	264,597	-	129,177	64,623	1,238,338
ADB Grant No. 0426											
E0002	3-Oct-17	US\$	-	6,500	56,800	143	3,027	-	-	-	66,470
N/A (*)		US\$	-	1,097	77,936	1,685	23,884	8,036	-	-	112,638
Sub-total (b)			-	7,597	134,736	1,828	26,911	8,036	-	-	179,108
Advance liquidation											
N/A	N/A	US\$	-	-	52,341	-	-	-	-	-	52,341
Sub-total (c)			-	-	52,341	-	-	-	-	-	52,341
Total (a+b+c)			64,877	10,033	671,094	230,439	291,508	8,036	129,177	64,623	1,469,787

(\*):

Represent the withdrawal application submitted for the expenditures incurred in 2017, but have yet been replenished during the year. The amounts were subsequently reimbursed on 13 April 2018, amounting to US\$609,429.

(\*): Represent the withdrawal application submitted for the expenditures incurred in 2017, but have yet been replenished during the year. The amounts were subsequently reimbursed on 13 April 2018, amounting to US\$609,429.

# 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 2017

#### 18. Statement of disbursement

	Note	Year ended 31 December 2017			Year ended 31 December 2016 US\$	Cumulative period from 21 March 2011 to 31 December 2017 US\$
		Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$	Total US\$		
<b>ADB Fund claims during the year</b>						
Replenishments		655,658	66,470	722,128	922,648	2,607,763
Direct payments		268,168	-	268,168	254,187	1,302,156
Initial advance		154,638	-	154,638	253,100	1,357,738
Subtotal	(A)	1,078,464	66,470	1,144,934	1,429,935	5,267,657
<b>Total expenditure made during the year</b>	(B)	1,290,679	179,108	1,469,787	1,189,338	5,016,786
Expenditure incurred, but not yet claimed	(C)	(661,769)	(112,638)	(774,407)	(299,461)	(778,953)
Expenditure incurred in prior year but claimed during the year	(D)	294,916	-	294,916	169,736	-
Initial advance	(E)	154,638	-	154,638	253,100	1,029,824
Advance to contractor	(F)	-	-	-	117,222	-
<b>Total eligible expenditure claimed (A=F+B+C+D+E+F+G)</b>	(H)	1,078,464	66,470	1,144,934	1,429,935	5,267,657

## 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 2017

## 19. Commitments

As at 31 December, the Project had the following commitments:

	31 December 2017 US\$	31 December 2016 US\$
<i>Contracted, but not yet paid:</i>		
Consulting service:		
World Wide Fund of Nature	1,065,238	-
Lao Consulting Group Co., Ltd.	787,860	898,919
KECC	204,689	-
Village Development Fund	13,547	-
National project management specialist	-	209,000
National Procurement Specialist	-	106,110
National translator/interpreter	-	4,207
National financial consultant	-	2,430
	<u>2,071,334</u>	<u>1,220,666</u>

## Ministry of Environment

### Greater Mekong Subregion Biodiversity Conservation Corridors Project

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

#### Appendix I: Statement of comparison of the budget and actual expenditure Report for the year ended 31 December 2017

Description	Year ended 31 December 2017			Year ended 31 December 2016			Cumulative period from 21 March 2011 to 31 December 2017		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Civil works	70,000	64,877	(5,123)	7,500	-	(7,500)	767,025	64,877	(702,148)
Equipment and vehicles	11,700	10,033	(1,667)	52,400	3,277	(49,123)	913,651	327,075	(586,576)
Consultant services	790,099	671,094	(119,005)	774,819	423,266	(351,553)	2,755,818	1,800,424	(955,394)
Goods and services	324,792	230,439	(94,353)	631,996	592,507	(39,489)	2,289,372	1,628,044	(661,328)
Project management	407,984	291,508	(116,476)	190,679	119,525	(71,154)	1,110,768	629,118	(481,650)
Recurrent costs	-	8,036	8,036	-	-	-	375,830	229,271	(146,559)
Training and others	156,907	129,177	(27,730)	113,186	29,434	(83,752)	641,678	237,674	(404,004)
Livelihood inputs	75,000	64,623	(10,377)	50,000	21,329	(28,671)	853,800	100,303	(753,497)
	<b>1,836,482</b>	<b>1,469,787</b>	<b>(366,695)</b>	<b>1,820,580</b>	<b>1,189,338</b>	<b>(631,242)</b>	<b>9,707,942</b>	<b>5,016,786</b>	<b>(4,691,156)</b>