

Audited Project Financial Statements

Project Number: 40253-023

Grant Number: 0241& 0426

Period covered: 1 January 2017 to 31 December 2017

CAM: GMS- Biodiversity Conservation Corridors Project

Prepared by: Ministry of Economy and Finance

For the Asian Development Bank

Date received by ADB: 28 September 2018

The audited project financial statements are documents owned by the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff. These documents are made publicly available in accordance with ADB's Public Communications Policy 2011 and as agreed between ADB and the Ministry of Economy and Finance

**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 2017
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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- * *The appendix does not form part of the audited combined financial statements and provided for information purpose only.*

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 2017, 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 32 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 ("the Agreements") and the Project was in compliance with all grant covenants of the Agreements for the year ended 31 December 2017.

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 SEP 2018



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Rport 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 2017, 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 32.

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, 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



Taing YoukFong
Partner

Phnom Penh, Kingdom of Cambodia

26 September 2018

**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 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\$	
Current assets					
Cash on hand	3	2,534	1,605	4,139	2,316
Cash at bank	4	287,888	241,981	529,869	1,190,035
Advance to staff	5	25,921	-	25,921	6,432
Advance to contractors	6	147,532	91,194	238,726	271,586
		<u>463,875</u>	<u>334,780</u>	<u>798,655</u>	<u>1,470,369</u>
Represented by:					
Fund balance at end of the year		<u>463,875</u>	<u>334,780</u>	<u>798,655</u>	<u>1,470,369</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 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\$		
Receipts						
Asian Development Bank	7	2,252,887	66,470	2,319,357	2,594,422	10,109,714
Expenditure by disbursement category and financier	8					
Civil works	9	179,237	-	179,237	-	184,300
Equipment and vehicles	10	2,806	102,002	104,808	4,307	937,298
Goods and services	11	647,528	4,956	652,484	861,219	2,694,077
Livelihood inputs	12	149,311	-	149,311	54,743	220,576
Training and others	13	181,373	-	181,373	65,267	402,260
Consultant services	14	1,085,147	158,520	1,243,667	686,281	3,305,652
Project management	15	411,189	54,158	465,347	237,505	1,109,493
Recurrent costs	16	-	14,844	14,844	-	457,403
		2,656,591	334,480	2,991,071	1,909,322	9,311,059
(Deficit)/excess of receipts over expenditure		(403,704)	(268,010)	(671,714)	685,100	798,655
Fund balance at beginning of the year		867,579	602,790	1,470,369	785,269	
Fund balance at end of the year		463,875	334,780	798,655	1,470,369	

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 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\$		
Receipts						
Asian Development Bank	7	1,716,551	66,470	1,783,021	2,086,048	7,505,402
Expenditure by disbursement category and financier						
Civil works	9	179,237	-	179,237	-	184,300
Equipment and vehicles	10	2,806	102,002	104,808	4,307	523,108
Goods and services	11	647,528	4,956	652,484	861,219	2,694,077
Livelihood inputs	12	139,116	-	139,116	54,743	210,381
Training and others	13	181,373	-	181,373	65,267	402,260
Consultant services	14	439,889	158,520	598,409	439,619	1,268,320
Project management	15	411,189	54,158	465,347	237,505	1,109,493
Recurrent costs	16	-	14,844	14,844	-	457,403
		2,001,138	334,480	2,335,618	1,662,660	6,849,342
(Deficit)/excess of receipts over expenditure		(284,587)	(268,010)	(552,597)	423,388	656,060
Fund balance at beginning of the year		605,867	602,790	1,208,657	785,269	
Fund balance at the end of year		321,280	334,780	656,060	1,208,657	

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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 2017

	Note	31 December 2017			31 December 2016 US\$
		Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$	Total US\$	
Represented by					
Cash on hand	3	2,534	1,605	4,139	2,316
Cash at bank	4	287,888	241,981	529,869	1,190,035
Advance to staff	5	25,921	-	25,921	6,432
Advance to contractors	6	4,937	91,194	96,131	9,874
		<u>321,280</u>	<u>334,780</u>	<u>656,060</u>	<u>1,208,657</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 2017

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. 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 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;
- administration of funds it receives for the Project activities at the national level;

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 (continued) for the year ended 31 December 2017

1. Background and activities (continued)

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

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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 2017

1. Background and activities (continued)

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.

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.

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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 2017**

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		

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. There has been no approval from ADB as of the date of these combined financial statements.

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:

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
		19,000,000		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 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
		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 receipt 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 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 2017**

2. Significant accounting policies

(b) Basis of combination

The Project's combined 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 Agreements, 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.

Ministry of Agriculture, Forestry and Fisheries

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
	Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$	US\$
Imprest accounts	518	1,605	335
Sub-accounts			
Koh Kong	888	-	1,360
Monduliri	1,128	-	621
	<u>2,534</u>	<u>1,605</u>	<u>2,316</u>
			<u>4,139</u>

4. Cash at bank

	As at 31 December 2017		As at 31 December 2016
	Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$	US\$
Imprest accounts	237,441	241,981	1,066,298
Sub-accounts			
Koh Kong	35,256	-	42,692
Monduliri	15,191	-	81,045
	<u>287,888</u>	<u>241,981</u>	<u>1,190,035</u>
			<u>529,869</u>

Ministry of Agriculture, Forestry and Fisheries

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 staff

This represents cash advance to staff for implementing the Project's activities in December 2017. Subsequently, the amounts were fully settled in January 2018.

6. Advance to contractors

	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\$	
<i>Direct payments:</i>				
Consulting service – World Wide Fund ("WWF") & Wildlife Conservation Society ("WCS")	142,595	-	142,595	261,712
<i>Imprest accounts:</i>				
Training – CEDAC	4,937	-	4,937	9,874
Consulting service: International Institute of Rural Reconstruction (IIRR)	-	91,194	91,194	-
	4,937	91,194	96,131	9,874
	147,532	91,194	238,726	271,586

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 (continued) **for the year ended 31 December 2017**

7. Receipts

	Year ended 31 December 2017		Total US\$	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 (*)	354,638	-	354,638	603,100	2,857,738
Replenishments (*)	1,361,913	66,470	1,428,383	1,482,948	4,647,664
	<u>1,716,551</u>	<u>66,470</u>	<u>1,783,021</u>	<u>2,086,048</u>	<u>7,505,402</u>
Direct payments (**)	536,336	-	536,336	508,374	2,604,312
	<u>2,252,887</u>	<u>66,470</u>	<u>2,319,357</u>	<u>2,594,422</u>	<u>10,109,714</u>

(*) 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.

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Notes to the combined 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\$	%	US\$
Civil works	100	179,237	100	-	-	179,237
Equipment and vehicles	100	2,806	100	102,002	100	104,808
Goods and services	100	647,528	100	4,956	100	652,484
Livelihood inputs	100	149,311	100	-	-	149,311
Training and others	100	181,373	100	-	-	181,373
Consultant services	100	1,085,147	100	158,520	100	1,243,667
Project management	100	411,189	100	54,158	100	465,347
Recurrent costs	100	-	-	14,844	100	14,844
Total payments – 31 December 2017		2,656,591		334,480		2,991,071
% of total project costs – 31 December 2017		13.98%		4.52%		15.74%
% of cumulative cost to total project costs – 31 December 2017		28.53%		99.91%		49.01%

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9. Civil works

This represents the construction costs of 1,690 family latrines at Koh Kong and Mondulkein province.

	Year ended 31 December 2017		Total US\$	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\$			
Equipment	2,806	24,202	27,008	4,307	391,026
Vehicles	-	77,800	77,800	-	488,018
GIS software	-	-	-	-	58,254
	<u>2,806</u>	<u>102,002</u>	<u>104,808</u>	<u>4,307</u>	<u>937,298</u>

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

11. Goods and services

	Year ended 31 December 2017		Total US\$	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	365,640	-	365,640	269,083	858,648
Solar System	66,796	-	66,796	-	66,796
Forest fire control	42,293	-	42,293	37,180	79,473
Boundary pole demarcation	36,693	-	36,693	108,632	145,325
Plant seedling purchase/maintenance for restoration	31,141	-	31,141	-	31,141
Petroleum	29,811	780	30,591	15,317	146,738
Repairs and maintenance	18,254	-	18,254	50,490	131,840
Others	14,899	3,224	18,123	15,284	99,112
CPA Guideline	12,300	-	12,300	-	12,300
Office supplies	9,718	952	10,670	12,172	86,232
Communication and internet service	7,836	-	7,836	5,168	57,090
Professional fee	6,710	-	6,710	2,420	10,890
Biodiversity corridor	5,437	-	5,437	-	5,437
Plant seedling purchase for restoration	-	-	-	343,933	961,515
Natural regeneration site identification	-	-	-	1,540	1,540
	647,528	4,956	652,484	861,219	2,694,077

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

12. Livelihood inputs

This represents payments made to World Wide Fund for Nature (WWF) in Joint Venture with Wildlife Conservation Society (WCS) for Livelihood Plan Implementation and Development.

The payments on consultant service are allocated as follows:

	Year ended 31 December 2017		Total US\$	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\$			
Replenishments	139,116	-	139,116	54,743	210,381
Liquidation of advance (*)	10,195	-	10,195	-	10,195
	<u>149,311</u>	<u>-</u>	<u>149,311</u>	<u>54,743</u>	<u>220,576</u>

(*) On 11 October 2016, ADB made payment for advance to contractor, World Wide Fund ("WWF"), amounting to US\$ 261,712. During the year, the Project liquidated the advance amounting to US\$10,195.

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

13. Training and others

	Year ended 31 December 2017		Total US\$	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	45,989	-	45,989	20,997	196,392
GIS software usage	-	-	-	-	16,615
Forestry thinning technique, gender mainstreaming and forest fire control measure	40,126	-	40,126	-	49,725
Strategic planning process:					
Consultation Workshop	72,366	-	72,366	12,248	84,614
Study tour:					
Overseas	14,258	-	14,258	14,258	28,516
Local	8,634	-	8,634	17,764	26,398
	<u>181,373</u>	<u>-</u>	<u>181,373</u>	<u>65,267</u>	<u>402,260</u>

All payments during the year were made through imprest accounts.

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14. Consultant services

The payments on consultant services are allocated as follows:

	Year ended 31 December 2017		Total US\$	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\$			
Lao consulting group Co., Ltd and WWF	663,767	-	663,767	320,256	2,129,435
National project management staff	208,520	-	208,520	199,771	471,088
Supplementary allowance	57,120	-	57,120	57,680	142,800
VDF TA & training for communities	37,999	-	37,999	-	37,999
Livelihood officer	34,956	-	34,956	11,591	46,547
National procurement specialist	23,580	32,759	56,339	47,160	143,469
National financial consultant	20,880	-	20,880	19,440	90,180
National translator/interpreter	17,340	-	17,340	16,920	67,455
Engineer	10,073	-	10,073	-	10,073
Forest enhancement auditor	8,492	-	8,492	7,422	15,914
Fee for Audit of the financial statements	2,420	-	2,420	-	2,420
Design and Supervision	-	125,761	125,761	-	125,761
International procurement specialist	-	-	-	6,041	22,511
	<u>1,085,147</u>	<u>158,520</u>	<u>1,243,667</u>	<u>686,281</u>	<u>3,305,652</u>

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14. Consultant services (continued)

The payments on consultant services are allocated as follows:

	Year ended 31 December 2017		Total US\$	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	536,336	-	536,336	246,662	1,928,410
Replenishments	439,889	158,520	598,409	439,619	1,268,320
Liquidation of advance (*)	108,922	-	108,922	-	108,922
	<u>1,085,147</u>	<u>158,520</u>	<u>1,243,667</u>	<u>686,281</u>	<u>3,305,652</u>

(*): On 11 October 2016, ADB made payment for advance to contractor, World Wide Fund ("WWF") & Wildlife Conservation Society ("WCS"), amounting to US\$261,712. During the year, the Project liquidated the advance amounting to US\$108,922.

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for the year ended 31 December 2017

15. Project management

	Year ended 31 December 2017		Total US\$	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\$			
Per-diem/daily subsistence allowance	152,874	28,154	181,028	96,956	420,603
Community protected area's management plan	106,543	-	106,543	48,229	154,772
Budget and workplan meeting	50,683	-	50,683	-	50,683
Materials for workshop/training/meeting	-	26,004	26,004	53,359	205,294
Materials for community formulation	45,410	-	45,410	5,723	79,718
Materials for boundary demarcation	-	-	-	4,614	70,900
Materials for community assessment	-	-	-	-	27,577
Materials for setup demonstration plant	-	-	-	-	9,444
Materials for community forest management plans	-	-	-	16,400	16,400
Consultant to verify small scale infrastructure	23,970	-	23,970	-	23,970
Commune investment profile	4,665	-	4,665	-	4,665
Refreshment	904	-	904	-	904
Travelling	-	-	-	12,224	18,423
Others	26,140	-	26,140	-	26,140
	<u>411,189</u>	<u>54,158</u>	<u>465,347</u>	<u>237,505</u>	<u>1,109,493</u>

All payment during the year was made through imprest accounts.

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for the year ended 31 December 2017

16. 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\$	Total US\$		
Administrative staff	-	14,844	14,844	-	109,489
Project staff	-	-	-	-	347,914
	-	14,844	14,844	-	457,403

17. Combined statement of withdrawals

Ministry of Agriculture, Forestry and Fisheries ("MAFF")

Withdrawal applications			Categories								
No	Date	Currency	Civil works	Equipment and vehicles	Goods and services	Livelihood inputs	Training and others	Consultant services	Project management	Recurrent costs	Total
ADB Grant No. 0241											
Direct Payments											
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
N/A	N/A	US\$	-	-	-	-	-	22,669	-	-	22,669
N/A	N/A	US\$	-	-	-	-	-	25,915	-	-	25,915
N/A	N/A	US\$	-	-	-	-	-	50,687	-	-	50,687
Sub-total (a)			-	-	-	-	-	288,168	-	-	288,168

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

17. Combined statement of withdrawals (continued)

Ministry of Agriculture, Forestry and Fisheries ("MAFF") (continued)

Withdrawal applications			Categories								
No	Date	Currency	Civil works	Equipment and vehicles	Goods and services	Livelihood inputs	Training and others	Consultant services	Project management	Recurrent costs	Total
ADB Grant No. 0241											
Replenishments											
F0021	19-May-17	US\$	-	-	71,593		6,950	35,214	27,621	-	141,378
F0024	09-Oct-17	US\$	-	-	94,308	-	13,893	61,042	62,037	-	231,280
F0025	16-Dec-17	US\$	-	-	62,655	74,491	1,507	30,338	10,154	-	179,145
Sub-total (b)			-	-	228,556	74,491	22,350	126,594	99,812	-	551,803
Advance liquidation											
N/A	N/A	US\$	-	-	-	10,197	-	61,517	-	-	71,714
Sub-total (c)			-	-	-	10,197	-	61,517	-	-	71,714
Expenditure incurred but not yet paid											
N/A	N/A	US\$	114,360	370	190,361	-	29,846	92,510	46,780	-	474,227
Sub-total (d)			370	190,361	-	29,846	92,510	46,780	-	474,227	114,360
Grand Total (e = a+b+c+d)			370	418,917	84,688	52,196	548,789	146,592		1,365,912	114,360

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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 2017

17. Combined statement of withdrawals (continued)

Ministry of Agriculture, Forestry and Fisheries ("MAFF") (continued)

Withdrawal applications			Categories								
No	Date	Currency	Civil works	Equipment and vehicles	Goods and services	Livelihood inputs	Training and others	Consultant services	Project management	Recurrent cost	Total
ADB Grant No. 0426											
Advance liquidation											
F0002	02-Oct-17	US\$	-	78,285	342	-	-	-	1,145	2,488	82,260
Expenditure incurred but not yet paid											
N/A	N/A	US\$	-	16,120	3,128	-	-	23,784	25,760	4,320	73,112
Grand Total			-	94,405	3,470	-	-	23,784	26,905	6,808	155,372
ADB Grant No. 0241											
Direct Payments											
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
N/A	N/A	US\$	-	-	-	-	-	22,669	-	-	22,669
N/A	N/A	US\$	-	-	-	-	-	25,915	-	-	25,915
N/A	N/A	US\$	-	-	-	-	-	50,687	-	-	50,687
Sub-total (a)			-	-	-	-	-	268,168	-	-	268,168

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17. Combined statement of withdrawals (continued)

Ministry of Agriculture, Forestry and Fisheries ("MAFF") (continued)

Withdrawal applications			Categories								
No	Date	Currency	Civil works	Equipment and vehicles	Goods and services	Livelihood inputs	Training and others	Consultant services	Project management	Recurrent cost	Total
ADB Grant No. 0241											
Replenishments											
F0021	19-May-17	US\$	-	-	71,593		6,950	35,214	27,621	-	141,378
F0024	09-Oct-17	US\$	-	-	94,308	-	13,893	61,042	62,037	-	231,280
F0025	16-Dec-17	US\$	-	-	62,655	74,491	1,507	30,338	10,154	-	179,145
		Sub-total (b)	-	-	228,556	74,491	22,350	126,594	99,812	-	551,803
Advance liquidation											
N/A	N/A	US\$	-	-	-	10,197	-	61,517	-	-	71,714
		Sub-total (c)	-	-	-	10,197	-	61,517	-	-	71,714

N/A: These represent expenditure incurred during the year, but have not been claimed as at reporting date. These expenses were subsequently reimbursed through the withdrawal application F0027 (US\$216,662), F0029 (US\$168,918) and F0030 (US\$88,647), respectively.

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

17. Combined statement of withdrawals (continued)

Ministry of Environment ("MOE")

Withdrawal applications			Categories								
No	Date	Currency	Civil works	Equipment and vehicles	Goods and services	Livelihood inputs	Training and others	Consultant services	Project management	Recurrent costs	Total
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\$	-	-	36,412	-	11,524	51,676	67,453	-	167,065
E0033	2-Nov-17	US\$	-	2,192	57,282	13,163	10,761	63,528	46,751	-	193,677
N/A (*)		US\$	64,877	244	134,917	51,460	106,892	100,646	150,393	-	609,429
Sub-total (a)			64,877	2,436	228,611	64,623	129,177	484,017	264,597	-	1,238,338
ADB Grant No. 0426											
E0002	3-Oct-17	US\$	-	6,500	143	-	-	56,800	3,027	-	66,470
N/A (*)		US\$	-	1,097	1,685	-	-	77,936	23,884	8,036	112,638
Sub-total (b)			-	7,597	1,828	-	-	134,736	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	282,780	64,623	129,177	618,753	291,508	8,036	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 9 January 2018 and 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 9 January 2018 and 13 April 2018, amounting to US\$609,429.

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

18. Combined statement of disbursement

Details of statement of disbursement from ADB are as follows:

	Year ended 31 December 2017		Total US\$	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\$			
ADB Fund claims during the year					
Replenishments	1,361,913	66,470	1,428,383	1,482,948	4,647,664
Direct payments	536,336	-	536,336	508,374	2,604,312
Advanced payments	354,638	-	354,638	603,100	2,857,738
Subtotal	2,252,887	66,470	2,319,357	2,594,422	10,109,714
Total expenditure made during the year	2,656,591	334,480	2,991,071	1,909,322	9,311,059
Expenditure incurred, but not yet claimed	(1,135,996)	(185,750)	(1,321,746)	(439,804)	(1,326,292)
Expenditure incurred in prior year but claims during the year	449,370	-	449,370	754,582	1,049,097
Initial advances/liquidation of advances	282,922	(82,260)	200,662	370,322	1,075,850
Total eligible expenditure claimed (A=F+B+C+D+E) (F)	2,252,887	66,470	2,319,357	2,594,422	10,109,714

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

19. Commitments

As at 31 December 2017, the Project has the following commitments:

	As at 31 December 2017 US\$	As at 31 December 2016 US\$
<i>Contracted, but not yet paid:</i>		
<i>Consulting service</i>		
Lao Consulting Group Co., Ltd.	1,575,720	1,856,632
World Wide Fund of Nature	2,170,015	-
Taing Cheng Oing Construction	235,875	-
KECC	204,689	-
KV Global Construction	88,145	-
RITHY SEN GROUP	32,316	-
Village Development Fund	29,563	-
National financial consultant	-	17,010
National translator/interpreter	-	21,080
National project management	-	209,000
International procurement specialist	-	-
National procurement specialist	-	106,110
	<u>4,336,323</u>	<u>2,209,832</u>

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**Appendix: Combined statement of comparison of budget and actual expenditure
for the year ended 31 December 2017**

Description Grant No. 0241	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	191,000	179,237	(11,763)	7,500	-	(7,500)	1,578,450	184,300	(1,394,150)
Equipment and vehicles	126,200	104,808	(21,392)	104,556	4,307	(100,249)	1,534,332	937,298	(597,034)
Goods and services	792,113	652,484	(139,629)	1,062,071	861,219	(200,852)	4,587,215	2,694,077	(1,893,138)
Livelihood inputs	177,700	149,311	(28,389)	100,000	54,743	(45,257)	3,638,200	220,576	(3,417,624)
Training and others	226,593	181,373	(45,220)	163,133	65,267	(97,866)	1,525,700	402,260	(1,123,440)
Consultant services	1,410,727	1,243,667	(167,060)	1,456,146	686,281	(769,865)	3,270,501	3,305,652	35,151
Project management	634,255	465,347	(168,908)	338,721	237,505	(101,216)	2,825,755	1,109,493	(1,716,262)
Recurrent costs	10,000	14,844	4,844	-	-	-	2,049,443	457,403	(1,592,040)
	3,568,588	2,991,071	(577,517)	3,232,127	1,909,322	(1,322,805)	21,009,596	9,311,059	(11,698,537)