

Audited Project Financial Statements

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

Cambodia: GMS Biodiversity Conservation Corridors Project

Prepared by: Forestry Administration (FA), Ministry of Agriculture Forestry and Fisheries.

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

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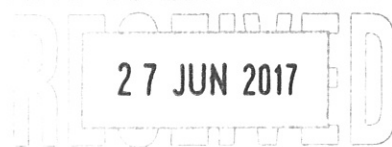
**ROYAL GOVERNMENT OF CAMBODIA
MINISTRY OF AGRICULTURE,
FORESTRY AND FISHERIES**

**Greater Mekong Subregion Biodiversity
Conservation Corridors Project**

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

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

ASIAN DEVELOPMENT BANK



27 JUN 2017

CAMBODIA RESIDENT MISSION

Ministry of Agriculture, Forestry and Fisheries

Greater Mekong Subregion Biodiversity Conservation Corridors Project

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

Contents

	Page
1 Statement by the management	1
2 Report of the independent auditors	2
3 Statement of financial position	5
4 Statement of receipts and expenditure	6
5 Statement of imprest accounts	7
6 Notes to the financial statements	9
Appendix I: Statement of comparison of the budget and actual expenditure	i
* The appendix does not form part of the audited financial statements and provided for information purpose only.	

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

Statement by the management

I do hereby state that in my opinion:

- (a) The accompanying financial statements, which comprise the statement of financial position as at 31 December 2016, the statement of receipts and expenditure, and the statement of imprest accounts for the year then ended, and notes, as set out on pages 5 to 26 of the Greater Mekong Subregion Biodiversity Conservation Corridors Project ("the Project"), funded by the Asian Development Bank, Grant No. 0241 – CAM (SF) and No. 0426 – CAM (SCF), and implemented by the Ministry of Agriculture, Forestry and Fisheries, 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 Agreements and the Project was in compliance with all grant covenants of the Agreement for the year ended 31 December 2016.

Signed on behalf of the Project's management,



Dr. Sokh Heng L
Project Director
Ministry of Agriculture, Forestry and Fisheries

Phnom Penh, Kingdom of Cambodia

Date: 26 JUN 2017



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

Opinion

We have audited the accompanying financial statements of the Greater Mekong Subregion Biodiversity Conservation Corridors Project ("the Project"), funded by the Asian Development Bank Grant No. 0241 – CAM (SF) and No. 0426 – CAM (SCF), implemented by the Ministry of Agriculture Forestry and Fisheries ("the Executing Agency" or "EA"), which comprise the statement of financial position as at 31 December 2016, the statement of receipts and expenditure, and the statement of imprest accounts for the year then ended and notes, comprising significant accounting policies and other explanatory information ("financial statements"), as set out on pages 5 to 26.

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

Basis for Opinion

We conduct our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Project in accordance with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

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

Emphasis of Matter - Basis of Accounting and Restriction on Use

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

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

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

In preparing the financial statements, management is responsible for assessing the EA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Project's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the EA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the EA to cease to continue as a going concern.

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

For **KPMG Cambodia Ltd**



Nge Huy
Partner

Phnom Penh, Kingdom of Cambodia

26 June 2017

Ministry of Agriculture, Forestry and Fisheries

Greater Mekong Subregion Biodiversity Conservation Corridors Project

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

Statement of financial position

As at 31 December 2016

	Note	As at 31 December 2016		As at 31 December 2015 US\$
		Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$	
Current assets				
Cash on hand	3	1,268	-	536
Cash at bank	4	339,009	349,690	393,240
Advance to staff		5,270	-	15,868
Advance to contractors	5	140,730	-	-
Amount due from ADB Grant No. 0241 – Ministry of Environment		58,678	-	40,498
		<u>544,955</u>	<u>349,690</u>	<u>450,142</u>
Represented by:				
Fund balance at end of the year		<u>544,955</u>	<u>349,690</u>	<u>450,142</u>

The accompanying notes form an integral part of these financial statements

Ministry of Agriculture, Forestry and Fisheries

Greater Mekong Subregion Biodiversity Conservation Corridors Project

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

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

	Note	Year ended 31 December 2016		Year ended 31 December 2015 US\$	Cumulative period from 21 March 2011 to 31 December 2016 US\$
		Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$		
Receipts					
Asian Development Bank	8	814,487	350,000	609,030	3,667,634
Expenditure by disbursement category and financier	9				
Equipment and vehicles	10	1,030	-	1,450	515,448
Consultant services	11	263,015	-	257,392	932,655
Goods and services	12	268,402	310	149,017	643,988
Project management	13	117,980	-	16,989	306,536
Recurrent costs	14	-	-	20,090	221,324
Training and others	15	35,833	-	7,656	112,390
Civil works		-	-	2,506	5,063
Livelihood inputs	16	33,414	-	-	35,585
		719,674	310	455,100	2,772,989
Excess of receipts over expenditure		94,813	349,690	153,930	894,645
Fund balance at beginning of the year		450,142	-	296,212	
Fund balance at end of the year		544,955	349,690	450,142	

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

Ministry of Agriculture, Forestry and Fisheries

Greater Mekong Subregion Biodiversity Conservation Corridors Project

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

Statement of imprest accounts for the year ended 31 December 2016

	Note	Year ended 31 December 2016		Year ended 31 December 2015 US\$	Cumulative period from 21 March 2011 to 31 December 2016 US\$
		Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$		
Receipts					
Asian Development Bank	8	560,300	350,000	402,940	2,633,646
Expenditure by disbursement category and financier					
Equipment and vehicles	10	1,030	-	1,450	308,353
Consultant services	11	139,684	-	51,302	236,618
Goods and services	12	268,402	310	149,017	643,988
Project management	13	117,980	-	16,989	306,536
Recurrent costs	14	-	-	20,090	221,324
Training and others	15	35,833	-	7,656	112,390
Civil works	16	33,414	-	2,506	5,063
Livelihood inputs			-	-	35,585
		596,343	310	249,010	1,869,857
(Deficit)/Excess of receipts over expenditure		(36,043)	349,690	153,930	763,789
Fund balance at beginning of the year		450,142	-	296,212	
Fund balance at the end of year		414,099	349,690	450,142	

Ministry of Agriculture, Forestry and Fisheries

Greater Mekong Subregion Biodiversity Conservation Corridors Project

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

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

		31 December 2016			31 December 2015
		Grant No. 0241	Grant No. 0426	Total	US\$
		CAM (SF)	CAM (SCF)	US\$	
	Note	US\$	US\$	US\$	
Represented by:					
Cash on hand	3	1,268	-	1,268	536
Cast at bank	4	339,009	349,690	688,699	393,240
Advance to staff	5	5,270	-	5,270	15,868
Amounts due from					
ADB Grant No. 0241 –					
Ministry of Environment	6	58,678	-	58,678	40,498
Advance to contractors	7	9,874	-	9,874	-
		414,099	349,690	763,789	450,142

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

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 for the year ended 31 December 2016

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

1. Background and activities

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

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

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

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

1. Background and activities (continued)

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

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 Mondulhiri 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 Mondulhiri and 10 in Koh Kong provinces) located across 8 districts with the total population of approximately 68,048 (2008 census) in both provinces and households numbering just over 14,000.

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

Ministry of 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

1. Background and activities (continued)

The Project has four outputs:

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

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

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

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

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

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

Ministry of 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

1. Background and activities (continued)

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

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

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

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

1. Background and activities (continued)

REALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS (Greater Mekong Subregion Biodiversity Conservation Corridors Project)					
CATEGORY				ADB FINANCING	
Number	Items	Amount reallocated (US\$) ADB Grant No. 0241		Total category amount US\$	Percentage and basis for withdrawal from the Grant Account
		Category	Sub-category		
1	Civil works	3,534,100		3,534,100	100% of total expenditure
2	Vehicles and equipment	946,600		946,600	
2A	Vehicles		452,500		100% of total expenditure
2B	Equipment		494,100		100% of total expenditure
3	Goods and services	3,932,020		3,996,020	100% of total expenditure
4	Livelihood inputs	2,481,000		2,481,000	100% of total expenditure
5	Training and others	603,900		603,900	100% of total expenditure
6	Consultant services	6,400,300		6,400,300	100% of total expenditure
7	Project management	870,040		870,040	100% of total expenditure
8	Recurrent costs	232,040		232,040	100% of total expenditure
		19,000,000		19,000,000	

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

1. Background and activities (continued)

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS (Greater Mekong Subregion Biodiversity Conservation Corridors Project)					
CATEGORY					ADB FINANCING
Number	Items	Amount allocated (US\$) ADB Grant No. 0426		Total category amount US\$	Percentage and basis for withdrawal from the Grant Account
		Category	Sub- category		
1	Civil works	3,825,000		3,825,000	100% of total expenditure
2	Vehicles and equipment	90,000		90,000	
2A	Vehicles		31,000		100% of total expenditure
2B	Equipment		59,000		100% of total expenditure
3	Goods and services	64,000		64,000	100% of total expenditure
4	Capacity building, training and workshops	1,113,000		1,113,000	100% of total expenditure
5	Consultant services	1,669,000		1,669,000	100% of total expenditure
6	Project implementation and management	639,000		639,000	100% of total expenditure
6A	Project management		501,000		
6B	Contracted staff positions		138,000		
		7,400,000		7,400,000	

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 preparation

The financial statements, which are expressed in the United States Dollars ("US\$") have been prepared in accordance with a modified cash basis of accounting. This is a basis of accounting that is designed to meet the requirement of the Project; it is not designed to produce financial statements that are compatible with International Financial Reporting Standards.

Under this basis of accounting, receipts are recognised when funds are received in cash and expenditure is recognised when made rather than incurred, except for the treatment of the following:

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

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

- (i) the amounts due from ADB Grant No. 0241 – MOE are initially recognised as a receivable and only cleared when they have been settled by MOE.
- (ii) the advanced made to staff and contractors that are initially recognised as a receivable and only recognised as expenditure when they have been liquidated by supporting invoices.

(b) Statement of imprest account

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

(c) Non-expendable equipment

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

(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 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

3. Cash on hand

	31 December 2016			
	Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$	Total US\$	31 December 2015 US\$
Imprest accounts	320	-	320	536
Sub-accounts				
Koh Kong	892	-	892	-
Mondulhiri	56	-	56	-
	<u>1,268</u>	<u>-</u>	<u>1,268</u>	<u>536</u>

4. Cash at bank

	31 December 2016			
	Grant No. 0241 CAM-(SF) US\$	Grant No. 0426 CAM-(EF) US\$	Total US\$	31 December 2015 US\$
Imprest accounts	260,578	349,690	610,268	390,539
Sub-accounts				
Koh Kong	32,741	-	32,741	-
Mondulhiri	45,690	-	45,690	2,701
	<u>339,009</u>	<u>349,690</u>	<u>688,699</u>	<u>393,240</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 2016. The amounts were subsequently settled in the early 2017.

6. Amounts due from ADB Grant No. 0241 – Ministry of Environment ("MOE")

This represents amount due from ADB Grant No. 0241 implemented by the MOE in respect of the 50% costs of the national translator/interpreter and the financial consultant, and the purchases of equipment that were made through the imprest account handled by the MAFF.

7. Advance to contractors

	As at 31 December 2016 US\$	As at 31 December 2015 US\$
Direct payment		
Consulting service – World Wide Fund for Nature – joint venture with Wildlife Conservation Society	130,856	-
Imprest accounts		
Training – CEDAC	9,874	-
	<u>140,730</u>	<u>-</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

8. Receipts

	Year ended 31 December 2016		Year ended 31 December 2015 US\$	Cumulative period from 21 March 2011 to 31 December 2016 US\$
	Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$		
Transfers to the imprest accounts				
Initial advances (*)	-	350,000	-	1,300,000
Replenishments (*)	560,300	-	402,940	1,333,646
	560,300	350,000	402,940	2,633,646
Direct payments (**)	254,187	-	206,090	1,033,988
Total	814,487	350,000	609,030	3,667,634

(*) 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 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

9. Expenditure by disbursement category and financier

Particulars	% of financing	ADB Grant 0241 – CAM (SF)		ADB Grant 0426 – CAM (SCF)		Total
		Actual expenditure	%	Actual expenditure	%	
	%	US\$	%	US\$	%	US\$
Equipment and vehicles	100	1,030	100	-	100	1,030
Consultant services	100	263,015	100	-	100	263,015
Goods and services	100	268,402	100	310	100	268,712
Project management	100	117,980	100	-	100	117,980
Recurrent costs	100	-	100	-	100	-
Training and others	100	35,833	100	-	100	35,833
Civil Works	100	-	100	-	100	-
Livelihood inputs	100	33,414	100	-	100	33,414
Total payments for the year ended 31 December 2016		719,674		310		719,984
% of total project costs for the year ended 31 December 2016		3.79%		0%		2.73%
% of cumulative cost to total project costs – 31 December 2016		14.59%		0%		10.50%
(*): No expenditure incurred for the period from 3 August 2015 to 31 December 2015 for the ADB Grant No.0426-CAM (SCF).						

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

10. Equipment and vehicles

	Year ended 31 December 2016			Year ended	Cumulative
	Imprest	Direct	Total	31 December 2015	period from
	account	payments			23 March 2011 to
	US\$	US\$	US\$	US\$	31 December 2016
					US\$
Equipment	1,030	-	1,030	1,450	281,212
GIS software	-	-	-	-	29,127
Vehicles	-	-	-	-	205,109
	<u>1,030</u>	<u>-</u>	<u>1,030</u>	<u>1,450</u>	<u>515,448</u>

11. Consultant services

	Year ended 31 December 2016			Year ended	Cumulative
	Imprest	Direct	Total	31 December 2015	period from
	account	payments			23 March 2011 to
	US\$	US\$	US\$	US\$	31 December 2016
					US\$
National financial consultant	9,720	-	9,720	9,720	34,650
National translator/Interpreter	8,460	-	8,460	8,460	25,057
National project management staff	79,771	-	79,771	19,652	103,068
Lao Consulting Group Co., Ltd.	7,400	123,331	130,731	206,090	703,437
National procurement specialist	-	-	-	-	18,640
Supplementary allowance	28,700	-	28,700	13,470	42,170
Livelihood officer	5,633	-	5,633	-	5,633
	<u>139,684</u>	<u>123,331</u>	<u>263,015</u>	<u>257,392</u>	<u>932,655</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

12. Goods and services

	Year ended 31 December 2016		Year ended 31 December 2015 US\$	Cumulative period from 21 March 2011 to 31 December 2016 US\$
	Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$		
Forest management	174,587	-	-	174,587
Boundary pole demarcation	52,512	-	-	52,512
Forest patrolling	-	-	99,341	141,835
Office supplies	5,430	-	13,541	43,031
Communication and internet service	757	-	10,226	24,084
Petroleum	5,332	-	5,635	40,626
Plant seedling purchase for restoration	-	-	7,085	83,172
Repairs and maintenance	19,739	-	9,386	47,312
Professional fee	-	-	-	880
Others	10,045	310	3,803	35,949
	<u>268,402</u>	<u>310</u>	<u>149,017</u>	<u>643,988</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

13. Project management

	Year ended 31 December 2016 US\$	Year ended 31 December 2015 US\$	Cumulative period from 23 March 2011 to 31 December 2016 US\$
Per-diem/daily subsistence allowance	42,498	13,164	109,376
Materials for workshop/training/meeting	53,359	2,266	109,603
Materials for community formulation	5,723	-	10,384
Materials for boundary demarcation	-	1,559	39,770
Materials for community assessment	-	-	17,038
Materials for setup demonstration plant	-	-	3,965
Materials for community forest management plans	16,400	-	16,400
	<u>117,980</u>	<u>16,989</u>	<u>306,536</u>

14. Recurrent costs

	Year ended 31 December 2016 US\$	Year ended 31 December 2015 US\$	Cumulative period from 23 March 2011 to 31 December 2016 US\$
Project staff	-	17,260	171,334
Administrative staff	-	2,830	49,990
	<u>-</u>	<u>20,090</u>	<u>221,324</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

15. Training and others

	Year ended 31 December 2016 US\$	Year ended 31 December 2015 US\$	Cumulative period from 23 March 2011 to 31 December 2016 US\$
Capacity building:			
Provincial, District, Commune Levels	16,583	7,656	83,692
GIS software usage	-	-	5,571
Project financial management	-	-	3,877
Strategic planning process:			
Consultation Workshop	-	-	-
Study tour:			
Overseas	5,368	-	5,368
Local	13,882	-	13,882
	<u>35,833</u>	<u>7,656</u>	<u>112,390</u>

16. Livelihood inputs

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

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

17. Statement of Withdrawals

Withdrawal applications			Categories						
No	Date	Currency	Equipment	Consultant services (*)	Goods and services	Project Management	Training and others	Livelihood inputs	Total
Imprest accounts									
Grant No. 0241									
F0015	07-Apr-16	US\$	-	31,620	117,962	29,870	1,840	-	181,292
F0016	13-Jun-16	US\$	-	27,125	29,735	34,584	14,443	13,465	119,352
F0018	26-Sep-16	US\$	-	29,810	89,335	24,732	11,789	-	155,666
F0019 (**)		US\$	1,030	51,129	31,370	28,794	7,761	19,949	140,033
Grant No. 0426									
N/A(**)		US\$	-	-	310	-	-	-	310
Direct payments									
F0013 (***)	27-Nov-15	US\$	-	63,036	-	-	-	-	63,036
F0017 (***)	12-Sep-16	US\$	-	60,295	-	-	-	-	60,295
Total amount in US\$			1,030	263,015	268,712	117,980	35,833	33,414	719,984

(*) The balance excluded 50% of national translator/interpreter, and national financial consultant of US\$18,180.

(**) Represent the expenditures incurred which have not yet claimed as at 31 December 2016.

(***) Represent the withdrawal application submitted by MAFF which were 50% shared by MOE for the expenditure.

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

18. Statement of disbursement

Details of statement of disbursement from ADB are as follows:

	Year ended 31 December 2016		Total Year ended 31 December 2015 US\$	Cumulative period from 22 March 2011 to 31 December 2016 US\$
	Grant No. 0241 CAM (SF) US\$	Grant No. 0426 CAM (SCF) US\$	Total US\$	
ADB Fund claims during the year				
Replenishments (*)	546,666	-	546,666	1,729,514
Direct payments	123,331	-	123,331	903,132
Subtotal	669,997	-	669,997	2,632,646
Total expenditure made during the year				
Expenditure not yet claimed	719,674	310	719,984	2,772,989
Expenditure incurred in prior year but claims during the year	(140,033)	(310)	(140,343)	(456,805)
	90,356	-	90,356	316,462
Total eligible expenditure claimed (A=E+B+C+D)	669,997	-	669,997	2,632,646

(*): The replenishments excluded the expenditure amounting to US\$13,634 on the national Interpreter/translator and national financial consultant to be reimbursed from MOE accordingly.

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

19. Commitments

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

	As at 31 December 2016 US\$	As at 31 December 2015 US\$
Contracted, but not yet paid:		
Lao Consulting Group Co., Ltd.	957,713	1,088,444
National financial consultant	14,580	24,300
National translator/interpreter	16,873	25,333
National project management	-	57,231
	<hr/>	<hr/>
	989,166	1,195,308
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Ministry of Agriculture, Forestry and Fisheries

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

Appendix I: Statement of Comparison of Budget and Actual Expenditure for the year ended 31 December 2016

Description Grant No. 0241	Year ended 31 December 2016			Year ended 31 December 2015			Cumulative for the period from 23 March 2011 to 31 December 2016		
	Budget US\$	Actual US\$	Variance US\$	Budget US\$	Actual US\$	Variance US\$	Budget US\$	Actual US\$	Variance US\$
		(*)							
Civil works	-	-	-	690,425	2,506	(687,919)	690,425	5,063	(685,362)
Equipment and vehicles	52,156	1,030	(51,126)	454,526	1,450	(453,076)	506,681	515,448	8,767
Consultant services	681,327	263,015	(418,312)	1,559,860	257,392	(1,302,468)	2,241,187	932,655	(1,308,532)
Goods and services	430,075	268,402	(161,673)	1,460,929	149,017	(1,311,912)	1,891,004	643,678	(1,247,326)
Project management	148,042	117,980	(30,062)	533,280	16,989	(516,291)	681,322	306,536	(374,786)
Recurrent costs	-	-	-	365,050	20,090	(344,960)	365,050	221,324	(143,726)
Training and others	49,947	35,833	(14,114)	403,085	7,656	(395,429)	453,032	112,390	(340,642)
Livelihood inputs	50,000	33,414	(16,586)	1,071,300	-	(1,071,300)	1,121,300	35,585	(1,085,715)
	1,411,547	719,674	(691,873)	6,538,455	455,100	(6,083,355)	7,950,001	2,772,679	(5,207,759)

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

KINGDOM OF CAMBODIA
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Ministry of Economy and Finance
General Department of International Cooperation
and Debt Management
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Phnom Penh, 27 June 2017


Mr. Januar Hakim
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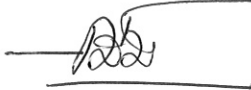


Subject: ADB Grant No. 0241-CAM(SF)/No. 0426-CAM(SCF): Greater Mekong Subregion
Biodiversity Conservation Corridors Project
– Financial Statements and Management Letter

Dear Mr. Januar Hakim,

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

Sincerely yours, 



Veng Youim
Chief
Office of Multilateral Cooperation 1