

Audited Project Financial Statements

Project Number: 44321-013

Loan/Grant Number: 3007, 8271/0349, 0350

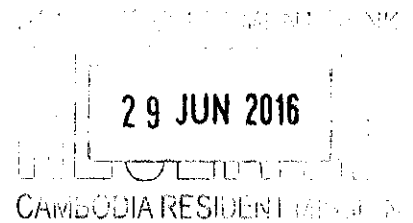
Period covered: 13 November 2013 to 31 December 2015

CAM: Climate Resilient Rice Commercialization Sector Development Program

Prepared by: National Implementation Office (NIO), Ministry of Agriculture Forestry and Fisheries (MAFF)

For the Asian Development Bank
Date received by ADB: 29 June 2016

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 Project Management Officer (PMO), Ministry of Economy and Finance.



ROYAL GOVERNMENT OF CAMBODIA
MINISTRY OF AGRICULTURE, FORESTRY AND
FISHERIES
NATIONAL IMPLEMENTATION OFFICE

Climate Resilient Rice
Commercialization Sector Development Project

ADB Loan No. 3007 – CAM (SF),
ADB SCF Loan No. 8271 – CAM (SCF),
GAFSP Grant No. 0349 – CAM (EF) and
ADB SCF Grant No. 0350 – CAM (SCF)

Financial Statements
for the period from 13 November 2013
to 31 December 2015
and
Report of the Independent Auditors

**Ministry of Agriculture, Forestry and Fisheries
National Implementation Office**

Climate Resilient Rice Commercialization Sector Development Project
ADB Loan No. 3007 – CAM (SF), ADB SCF Loan No. 8271 – CAM (SCF),
GAFSP Grant No. 0349 – CAM (EF) and ADB SCF Grant No. 0350 – CAM (SCF)

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KINGDOM OF CAMBODIA
NATION RELIGION KING

MINISTRY OF AGRICULTURE FORESTRY AND FISHERIES
GENERAL DIRECTORATE OF AGRICULTURE

No.....GDA

Phnom Penh, Date/27/...06...../ 2016.

Statement by the management

We do hereby state that in our opinion:

- a) The accompanying financial statements, which comprise the statement of financial position as at 31 December 2015, the statements of receipts and expenditure and second generation imprest account for the period from 13 November 2013 to 31 December 2015 and notes, comprising a summary of significant accounting policies and other explanatory information as set out on pages 4 to 18 of the Climate Resilient Rice Commercialization Sector Development Project ("the Project"), funded by the Asian Development Bank Loan No. 3007 – CAM (SF), ADB Strategic Climate Fund Loan No. 8271 – CAM (SCF), Global Agriculture and Food Security Program Grant No. 0349 – CAM (EF) and ADB Strategic Climate Fund Grant No. 0350 – 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; and
- b) The disbursements shown in the financial statements were implemented according to the Loan and Grant Agreements and the Project was in compliance with all loan and grant covenants of the Agreements for the period from 13 November 2013 to 31 December 2015. ១

On behalf of the Project's management *SO*

SO KhanRithykun
Director General
General Directorate of Agriculture
Project Deputy Director
Rice-SDP

cc
- File



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

We have audited the accompanying financial statements of the Climate Resilient Rice Commercialization Sector Development Project (“the Project”), funded by the Asian Development Bank Loan No. 3007 – CAM (SF), ADB Strategic Climate Fund Loan No. 8271 – CAM (SCF), Global Agriculture and Food Security Program Grant No. 0349 – CAM (EF) and ADB Strategic Climate Fund Grant No. 0350 – CAM (SCF) and implemented by the Ministry of Agriculture, Forestry and Fisheries, which comprise the statement of financial position as at 31 December 2015, the statements of receipts and expenditure and second generation imprest account for the period from 13 November 2013 to 31 December 2015 and notes, comprising a summary of significant accounting policies and other explanatory information as set out on pages 4 to 18. The financial statements have been prepared by the management of the Project based on the basis of accounting and the accounting policies described in Note 2 to the financial statements.

Management’s responsibility for the financial statements

Management is responsible for the preparation of these 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 misstatement, whether due to fraud or error.

Auditors’ responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Cambodian International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity’s preparation of the financial statements 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 entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit opinion

In our opinion, the financial statements of the Project for the period from 13 November 2013 to 31 December 2015 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.

Basis of accounting and restriction on distribution and use

We draw attention to Note 2 to the financial statements, which describe the basis of accounting and the accounting policies adopted by the Project. The financial statements are prepared for the information and use of 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 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 distributed to or used by any other parties.

For KPMG Cambodia Ltd

Lim Chew Teng
Partner



Phnom Penh, Kingdom of Cambodia

Date: 27 JUN 2016

**Ministry of Agriculture, Forestry and Fisheries
National Implementation Office**

Climate Resilient Rice Commercialization Sector Development Project

ADB Loan No. 3007 – CAM (SF), ADB SCF Loan No. 8271 – CAM (SCF),
GAFSP Grant No. 0349 – CAM (EF) and ADB SCF Grant No. 0350 – CAM (SCF)

**Statement of financial position
as at 31 December 2015**

	Note	As at 31 December 2015 US\$
Current assets		
Cash and bank balances	3	133,319
Amount due from Provincial Implementation Office	4	41,900
Amount due from Royal Government of Cambodia	5	2,625
		<hr/>
		177,844
		<hr/>
Current liabilities		
Amount due to ADB	5	2,625
		<hr/>
Represented by:		
Fund balance at end of the period		175,219
		<hr/>

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

**Ministry of Agriculture, Forestry, and Fisheries
National Implementation Office**

Climate Resilient Rice Commercialization Sector Development Project

ADB Loan No. 3007 – CAM (SF), ADB SCF Loan No. 8271 – CAM (SCF),
GAFSP Grant No. 0349 – CAM (EF) and ADB SCF Grant No. 0350 – CAM (SCF)

**Statement of receipts and expenditure
for the period from 13 November 2013 to 31 December 2015**

		For the period from 13 November 2013 to 31 December 2015			
		Loan No. 3007 US\$	Grant No. 0349 US\$	Royal Government of Cambodia US\$	Total US\$
Receipts	6				
Asian Development Bank		132,203	-	-	132,203
Global Agriculture and Food Security Program		-	168,519	-	168,519
Government Counterpart Fund		-	-	90,680	90,680
		<u>132,203</u>	<u>168,519</u>	<u>90,680</u>	<u>391,402</u>
Expenditure by disbursement category	7				
Vehicle and equipment	8	27,235	-	14,665	41,900
Contract services	9	-	22,226	2,470	24,696
Training and studies	10	-	13,614	-	13,614
Implementation and supervision	11	17,854	-	579	18,433
Government staff	12	-	-	47,540	47,540
		<u>45,089</u>	<u>35,840</u>	<u>65,254</u>	<u>146,183</u>
Excess of receipts over expenditure		<u>87,114</u>	<u>132,679</u>	<u>25,426</u>	<u>245,219</u>
Refund to Program Management Office	6	-	(70,000)	-	(70,000)
Fund balance at end of the period		<u>87,114</u>	<u>62,679</u>	<u>25,426</u>	<u>175,219</u>

The accompanying notes form an integral part of these financial statements

**Ministry of Agriculture, Forestry, and Fisheries
National Implementation Office**

Climate Resilient Rice Commercialization Sector Development Project

ADB Loan No. 3007 – CAM (SF), ADB SCF Loan No. 8271 – CAM (SCF),
GAFSP Grant No. 0349 – CAM (EF) and ADB SCF Grant No. 0350 – CAM (SCF)

**Statement of the second generation imprest account
for the period from 13 November 2013 to 31 December 2015**

		For the period from 13 November 2013 to 31 December 2015		
		Loan No. 3007	Grant No. 0349	Total
		US\$	US\$	US\$
Receipts	6			
Asian Development Bank		132,203	-	132,203
Global Agriculture and Food Security Program		-	168,519	168,519
		<u>132,203</u>	<u>168,519</u>	<u>300,722</u>
Expenditure by disbursement category	7			
Vehicle and equipment	8	27,235	-	27,235
Contract services	9	-	22,226	22,226
Training and studies	10	-	13,614	13,614
Implementation and supervision	11	17,854	-	17,854
		<u>45,089</u>	<u>35,840</u>	<u>80,929</u>
Excess of receipts over expenditure		87,114	132,679	219,793
Refund to Program Management Office	6	-	(70,000)	(70,000)
Fund balance at end of the period		<u>87,114</u>	<u>62,679</u>	<u>149,793</u>

The accompanying notes form an integral part of these financial statements

Ministry of Agriculture, Forestry, and Fisheries National Implementation Office

Climate Resilient Rice Commercialization Sector Development Project

ADB Loan No. 3007 – CAM (SF), ADB SCF Loan No. 8271 – CAM (SCF),
GAFSP Grant No. 0349 – CAM (EF) and ADB SCF Grant No. 0350 – CAM (SCF)

Notes to the financial statements for the period from 13 November 2013 to 31 December 2015

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

1. Background and activities

The financing agreement for the Climate Resilient Rice Commercialisation Sector Development Project (“Project”) between the Asian Development Bank (“ADB”) and the Royal Government of Cambodia (“RGC”) (represented by the Ministry of Economy and Finance) was signed on 26 August 2013. The agreement includes ADB Loan No. 3007 – CAM (SF), ADB Strategic Climate Fund Loan No. 8271 – CAM (SCF) which ADB is acting in its capacity as an implementing agency of the Strategic Climate Fund (“SCF”), Global Agriculture and Food Security Program Grant No. 0349 – CAM (EF) which ADB is acting in its capacity as the supervising entity of Global Agriculture and Food Security Program (“GAFSP”), and ADB Strategic Climate Fund Grant No. 0350 – CAM (SCF) which ADB is acting in its capacity as an implementing entity of the Strategic Climate Fund (“SCF”), whereby the ADB agreed to offer loan and grant amounting to Special Drawing Rights 20,608,000 (US\$31,000,000 equivalent at the time of loan negotiation); US\$5,000,000; US\$14,600,000 and US\$4,500,000; respectively. The Royal Government of Cambodia will contribute US\$8,330,000 to cover resettlement costs, land purchase, taxes and duties, and government staff salaries. The Project is estimated to be cost at US\$63,430,000.

The effective date of the Project is 13 November 2013 and the Project is expected to be completed by 30 September 2019.

The Ministry of Economy and Finance (“MEF”) is the Executing Agency (“EA”) for the Project responsible for the overall management and coordination of the Project. A Program Management Office (“PMO”) is established within MEF to manage the Project and ensure policy actions are implemented. There are 3 Ministries and 3 Provincial Governors act as Implementing Agencies (“IA”) for the Project:

- National Implementation Office (“NIO”) includes the Ministry of Agriculture, Forestry and Fishery (“MAFF”), Ministry of Land Management, Urban Planning and Construction, (“MLMUPC”) and Ministry of Water Resources and Meteorology (“MOWRAM”).
- Provincial Implementation Office (“PIO”) includes the Provincial Governors’ Offices in the provinces of Battambang, Kampong Thom, and Prey Veng.

Ministry of Agriculture, Forestry and Fisheries National Implementation Office

Climate Resilient Rice Commercialization Sector Development Project

ADB Loan No. 3007 – CAM (SF), ADB SCF Loan No. 8271 – CAM (SCF),
GAFSP Grant No. 0349 – CAM (EF) and ADB SCF Grant No. 0350 – CAM (SCF)

Notes to the financial statements (continued) for the period from 13 November 2013 to 31 December 2015

1. Background and activities (continued)

The objective of the Project is to enhance production of quality rice in Cambodia while preserving the natural resource base. The Project shall comprise the following Outputs:

Output 1: A conducive legal and regulatory environment established to facilitate climate-resilient rice commercialisation

This output will focus on legal and regulatory reforms that (i) promote production and distribution of improved quality seed; (ii) strengthen agricultural land management; (iii) strengthen farmers' organizations and promote contract farming; and (iv) facilitate domestic trading and export of milled rice.

Output 2: Agricultural land-use zoning improved

This output comprises: (i) establishing land-use zones; (ii) updating rice ecosystems and soil classification maps for identification of higher yielding rice growing areas; (iii) incorporating agro-ecosystem analyses into commune land-use planning, and (iv) developing the capacity of Ministry of Agriculture, Forestry and Fisheries ("MAFF") and Ministry of Land Management, Urban Planning and Construction ("MLMUPC") at the national and sub-national levels to undertake joint work in relation to agricultural land-use planning. Activities under this output will help identify areas that are better suited to rice production as well as high-risk flood prone areas to be utilized for maintaining ecosystem diversity. Linked to the zoning initiative, technical procedures will be modified to accommodate guidelines for paddy production to ensure sustainable cultivation practices.

Output 3: Climate resilient rice value chain infrastructure developed

This output comprises high priority investments in three major rice-producing provinces Battambang, Kampong Thom, and Prey Veng. The investments include: (i) rehabilitation and climate proofing of irrigation systems; (ii) construction of paddy drying and storage facilities; and (iii) construction of seed cleaning, drying, grading and storage facilities. The investments have been identified and prioritized based on provincial development priorities. Irrigation rehabilitation and climate proofing will help increase productivity and cropping intensities. Establishment of paddy drying and storage facilities will accommodate paddy supplies at peak periods after harvest to ensure better quality for processing and retained added value in Cambodia. Construction of seed cleaning, drying, grading and storage facilities will contribute to increased availability of quality rice seed — an integral component of rice quality improvement and a necessary pre-requisite to supply export markets with rice of consistent quality.

Ministry of Agriculture, Forestry and Fisheries National Implementation Office

Climate Resilient Rice Commercialization Sector Development Project

ADB Loan No. 3007 – CAM (SF), ADB SCF Loan No. 8271 – CAM (SCF),
GAFSP Grant No. 0349 – CAM (EF) and ADB SCF Grant No. 0350 – CAM (SCF)

Notes to the financial statements (continued) for the period from 13 November 2013 to 31 December 2015

1. Background and activities (continued)

Output 4: Rice value chain support services enhanced to improve quality of Cambodian rice

This output comprises: (i) improving the availability and quality of commercial rice seed; (ii) upgrading technical extension material to guide production in the four main rice crops; (iii) capacity building (technical and financial) of mill managers and operators; and (iv) facilitating access to credit by farmers, traders, and millers. Activities under this output will improve the quality of paddy and subsequent milled rice and enhance Cambodia's participation in export markets.

Output 5: Weather-indexed crop insurance piloted

This output comprises: (i) undertaking a detailed feasibility study to determine the appropriateness of a weather-indexed crop insurance scheme; (ii) designing the operational parameters, product penetration plan, and institutional arrangements; and (iii) piloting the scheme in selected areas in three project provinces. Activities under this output will reduce the risk associated with paddy production and allow farmers to adopt modern production technologies and therefore extend their longer term planning horizon. Since paddy production for sales will become an increasingly important income component of farming households, it will also stimulate further commercialisation.

Output 6: Efficient program management and implementation

This output comprises: (i) effective project management; (ii) capacity building of the Program Management Office (PMO) and each National Implementation Office (NIO) and Provincial Implementation Office (PIO); and (iii) coordination between policy development and investment activities. These activities will be supported by consulting services to ensure efficient implementation.

ADB Loan No. 3007 – CAM (SF) is repayable over 24 years, from 1 December 2021 to 1 June 2045, with interest rates of 1% per annum during the grace period to 1 December 2021 and 1.5% per annum thereafter. The table below sets forth the categories of items of expenditure to be financed out of the proceeds of the ADB Loan No. 3007 – CAM (SF) and the allocation of amounts of the Loan to each such category:

**Ministry of Agriculture, Forestry and Fisheries
National Implementation Office**

Climate Resilient Rice Commercialization Sector Development Project

ADB Loan No. 3007 – CAM (SF), ADB SCF Loan No. 8271 – CAM (SCF),
GAFSP Grant No. 0349 – CAM (EF) and ADB SCF Grant No. 0350 – CAM (SCF)

**Notes to the financial statements (continued)
for the period from 13 November 2013 to 31 December 2015**

1. Background and activities (continued)

No.	Item	Category		ADB Financing
		Amount Allocated (SDR)		Percentage and Basis for Withdrawal from the Loan Account
		Category	Subcategory	
1	Works	11,700,000		
1A	Works- Irrigation		6,402,000	67% of total expenditure
1B	Works- Grain Handling		4,667,000	90% of total expenditure
1C	Survey, Design and Supervision		631,000	42.8% of total expenditure
2	Associated Initiatives	353,000		29.6% of total expenditure
3	Vehicles and Office Equipment	431,000		
3A	Four-Wheel-Drive-Vehicle		156,000	65% of total expenditure
3B	Motorcycles		148,000	80% of total expenditure
3C	Office Equipment		127,000	59.1% of total expenditure
4	Consulting Services	2,491,000		
4A	International Consultants		1,749,000	55.3% of total expenditure
4B	National Consultants		628,000	44.5% of total expenditure
4C	Consultant Support Costs		114,000	56.0% of total expenditure
5	Implementation and Supervision	5,017,000		
5A	Capacity Building		222,000	100% of total expenditure*
5B	Incremental Staff		3,242,000	90% of total expenditure
5C	Office Operation		1,311,000	90% of total expenditure
5D	Vehicle and Equipment Operation and Maintenance		242,000	90% of total expenditure
6	Interest Charges	616,000		100% of amount due
	Total	20,608,000		

* Exclusive of local taxes and duties imposed within the territory of the Kingdom of Cambodia.

**Ministry of Agriculture, Forestry and Fisheries
National Implementation Office**

Climate Resilient Rice Commercialization Sector Development Project

ADB Loan No. 3007 – CAM (SF), ADB SCF Loan No. 8271 – CAM (SCF),
GAFSP Grant No. 0349 – CAM (EF) and ADB SCF Grant No. 0350 – CAM (SCF)

**Notes to the financial statements (continued)
for the period from 13 November 2013 to 31 December 2015**

1. Background and activities (continued)

ADB Strategic Climate Fund Loan No. 8271 – CAM (SCF) is repayable over 30 years, from 1 December 2023 to 1 June 2053, with a service charge at the rate of 0.10% per annum on the amount of the Loan withdrawn from the Loan Account and outstanding from time to time. The service charge on the loan shall be payable semi-annually on 1 June and 1 December in each year. The table below sets forth the categories of items of expenditure to be financed out of the proceeds of the ADB SCF Loan No. 8271 – CAM (SCF) and the allocation of amounts of the Loan to each such category:

Category			ADB Financing
No.	Item	Amount allocated (US\$)	Percentage and Basis for Withdrawal from the Loan Account
1	Works - Irrigation	3,308,600	23% of total expenditure
2	Associated Initiatives	1,103,000	61.5% of total expenditure
3	Contract Services – Milling Support	588,400	90% of total expenditure
	Total	5,000,000	

The table below sets forth the categories of items of expenditure to be financed out of the proceeds of the GAFSP Grant No. 0349 – CAM (EF) and the allocation of amounts of the Grant to each such category:

Category				GAFSP Grant Financing
No.	Item	Amount Allocated (US\$)		Percentage and Basis for Withdrawal from the Grant Account
		Category	Subcategory	
1	Works – Survey, Design and Supervision	624,700		28.2% of total expenditure
2	Equipment	7,167,400		
2A	Grain Drying Equipment		7,020,000	90% of total expenditure
2B	Laboratory Equipment		147,400	90% of total expenditure
3	Contract Services	3,282,100		
3A	Land-use Zoning		2,228,500	90% of total expenditure

**Ministry of Agriculture, Forestry and Fisheries
National Implementation Office**

Climate Resilient Rice Commercialization Sector Development Project

ADB Loan No. 3007 – CAM (SF), ADB SCF Loan No. 8271 – CAM (SCF),
GAFSP Grant No. 0349 – CAM (EF) and ADB SCF Grant No. 0350 – CAM (SCF)

**Notes to the financial statements (continued)
for the period from 13 November 2013 to 31 December 2015**

1. Background and activities (continued)

Category				GAFSP Grant Financing
No.	Item	Amount Allocated (US\$)		Percentage and Basis for Withdrawal from the Grant Account
		Category	Subcategory	
3B	Certified Seed Production		1,053,600	90% of total expenditure
4	Office Equipment	99,700		30.9% of total expenditure
5	Consulting Services	1,116,100		
5A	International Consultants		656,600	13.8% of total expenditure
5B	National Consultants		459,500	21.7% of total expenditure
6	Training and Studies	1,808,500		90% of total expenditure
7	Implementation and Supervision	501,500		90% of total expenditure
	Total	14,600,000		

The table below sets forth the categories of items of expenditure to be financed out of the proceeds of the ADB SCF Grant No. 0350 – CAM (SCF) and the allocation of amounts of the Grant to each such category:

Category				ADB Grant Financing
No.	Item	Amount Allocated (US\$)		Percentage and Basis for Withdrawal from the Grant Account
		Category	Subcategory	
1	Works – Survey, Design and Supervision	421,900		19% of total expenditure
2	Crop Insurance	2,000,000		100% of total expenditure*
3	Consulting Services	2,078,100		
3A	International Consultants		1,468,000	30.9% of total expenditure
3B	National Consultants		504,600	23.8% of total expenditure
3C	Consultant Support Costs		105,500	34.6% of total expenditure
	Total	4,500,000		

* Exclusive of taxes and duties imposed within the territory of the Kingdom of Cambodia.

**Ministry of Agriculture, Forestry and Fisheries
National Implementation Office**

Climate Resilient Rice Commercialization Sector Development Project

ADB Loan No. 3007 – CAM (SF), ADB SCF Loan No. 8271 – CAM (SCF),
GAFSP Grant No. 0349 – CAM (EF) and ADB SCF Grant No. 0350 – CAM (SCF)

**Notes to the financial statements (continued)
for the period from 13 November 2013 to 31 December 2015**

2. Significant accounting policies

(a) Basis of accounting

The financial statements, which are expressed in United States Dollars (“US\$”), have been prepared in accordance with a modified cash receipts and disbursements basis of accounting. This is a basis of accounting that is designed to meet the requirements of the Project; it is not designed to produce financial statements that are compatible with International Financial Reporting Standards. Under this basis of accounting, income is recognised when funds are received in cash and expenditure is recognised when payments are made rather than when it is incurred, except for the payments made on behalf of Provincial Implementation Office (“PIO”) that are initially recognised as a receivable and only liquidated upon receipts of settlement.

(b) Statement of the second generation imprest account

The statement of second generation imprest account is prepared in accordance with the Loan and Grant agreements, and is purely used to receive and disburse for expenditure funded by the ADB loan and 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 transactions

The Project transacts its business and maintains its accounting records primarily in United States Dollars (“US\$”). Transactions in currencies other than US\$ are converted into US\$ at the rates of exchange prevailing on the transaction dates. Cash and bank balances in currencies other than US\$ are translated into US\$ at the open market rates of exchange at the period end. All foreign exchange differences are recognised in the statement of receipts and expenditure.

**Ministry of Agriculture, Forestry and Fisheries
National Implementation Office**

Climate Resilient Rice Commercialization Sector Development Project

ADB Loan No. 3007 – CAM (SF), ADB SCF Loan No. 8271 – CAM (SCF),
GAFSP Grant No. 0349 – CAM (EF) and ADB SCF Grant No. 0350 – CAM (SCF)

**Notes to the financial statements (continued)
for the period from 13 November 2013 to 31 December 2015**

3. Cash and bank balances

	As at 31 December 2015			
	Loan	Grant	Royal Government	Total
	No. 3007 US\$	No. 0349 US\$	of Cambodia US\$	
Cash on hand	1,000	-	-	1,000
Cash at banks:				
- <i>Second generation imprest account</i>	58,879	62,679	-	121,558
- <i>Government Counterpart Fund's account</i>	-	-	10,761	10,761
	<u>59,879</u>	<u>62,679</u>	<u>10,761</u>	<u>133,319</u>

4. Amount due from Provincial Implementation Office

	For the period from 13 November 2013 to 31 December 2015		
	Loan	Royal Government	Total
	No. 3007 US\$	of Cambodia US\$	
Amount due from Prey Veng Provincial Implementation Office*	<u>27,235</u>	<u>14,665</u>	<u>41,900</u>

* This represents the amount due from Prey Veng Provincial Implementation Office (“PIO”) on a vehicle expense amounting to US\$41,900, which 35% of the expense shared by Royal Government of Cambodia (“RGC”) and 65% shared by ADB and was partially repaid on 20 January 2016.

5. Amount due from RGC and due to ADB

This amount represents amount due from Government Counterpart Fund, which was not allocated from the office operation and training and studies expenditure that financed by ADB fund. As per loan and grant agreements, there will be 10% contribution from RGC for this expenditure.

**Ministry of Agriculture, Forestry and Fisheries
National Implementation Office**

Climate Resilient Rice Commercialization Sector Development Project

ADB Loan No. 3007 – CAM (SF), ADB SCF Loan No. 8271 – CAM (SCF),
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**Notes to the financial statements (continued)
for the period from 13 November 2013 to 31 December 2015**

6. Receipts

	For the period from 13 November 2013 to 31 December 2015			
	Loan No. 3007 US\$	Grant No. 0349 US\$	Royal Government of Cambodia US\$	Total US\$
Initial advances from the first generation imprest account*	132,203	168,519	-	300,722
Contribution from the government **	-	-	90,680	90,680
	<u>132,203</u>	<u>168,519</u>	<u>90,680</u>	<u>391,402</u>
Less: Refund to Program Management Office (“PMO”) ***	-	(70,000)	-	(70,000)
	<u>132,203</u>	<u>98,519</u>	<u>90,680</u>	<u>321,402</u>

* The receipts from Asian Development Bank for Loan No. 3007 – CAM (SF) and GAFSP Grant No. 0349 – CAM (EF) were paid into the first generation imprest account held by the Ministry of Economy and Finance. This is a separate bank account held exclusively for Loan No. 3007 – CAM (SF) and GAFSP Grant No. 0349 – CAM (EF) at the National Bank of Cambodia. These receipts were then disbursed to the second generation imprest account held by the Ministry of Agriculture, Forestry and Fisheries at the Aceda Bank Plc.

** Contribution from Royal Government of Cambodia was paid into Government Counterpart Fund’s account held by the Ministry of Agriculture, Forestry and Fisheries for the Project at the National Bank of Cambodia.

*** This refund was transferred to PMO’s first generation imprest account on 16 October 2015 based on the request letter from PMO to MAFF on 17 September 2015 due to fund surplus of the GAFSP Grant No. 0349-CAM (EF).

**Ministry of Agriculture, Forestry and Fisheries
National Implementation Office**

Climate Resilient Rice Commercialization Sector Development Project

ADB Loan No. 3007 – CAM (SF), ADB SCF Loan No. 8271 – CAM (SCF),
GAFSP Grant No. 0349 – CAM (EF) and ADB SCF Grant No. 0350 – CAM (SCF)

Notes to the financial statements (continued)
for the period from 13 November 2013 to 31 December 2015

7. Expenditure by disbursement category

Particulars	ADB Loan No. 3007		GAFSP Grant No. 0349		Royal Government of Cambodia		Total
	% of financing		% of financing		Actual expenditure		
	%	US\$	%	US\$	US\$	%	
<i>Four-Wheel-Drive vehicles</i>	65	27,235	-	-	14,665	35	41,900
<i>Certified seed production</i>	-	-	90	22,226	2,470	10	24,696
<i>Incremental staff</i>	90	1,980	-	-	220	10	2,200
<i>Office operation</i>	90	15,712	-	-	341	2	16,053
<i>Vehicle and equipment operation & maintenance</i>	90	162	-	-	18	10	180
<i>Training and studies</i>	-	-	90	13,614	-	-	13,614
<i>Government staff</i>	-	-	-	-	47,540	100	47,540
Total payments – for the period from 13 November 2013 to 31 December 2015		45,089		35,840	65,254		146,183
% of total project costs – for the period from 13 November 2013 to 31 December 2015		0.07%		0.06%	0.1%		0.23%
% of cumulative expenses to total project costs – for the period from 13 November 2013 to 31 December 2015		0.07%		0.06%	0.1%		0.23%

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**Notes to the financial statements (continued)
for the period from 13 November 2013 to 31 December 2015**

8. Vehicle and equipment

	For the period from 13 November 2013 to 31 December 2015		
	Loan No. 3007 US\$	Royal Government of Cambodia US\$	Total US\$
Four-Wheel-Drive vehicles	27,235	14,665	41,900

9. Contract services

	For the period from 13 November 2013 to 31 December 2015		
	Grant No. 3049 US\$	Royal Government of Cambodia US\$	Total US\$
Certified seed production	22,226	2,470	24,696

10. Training and studies

These represent the expenses on per-diem for trainers and other expenses related to workshop such as snack and material for training.

11. Implementation and supervision

	For the period from 13 November 2013 to 31 December 2015		
	Loan No. 3007 US\$	Royal Government of Cambodia US\$	Total US\$
Incremental staff	1,980	220	2,200
Office operation	15,712	341	16,053
Vehicle and equipment operation and maintenance	162	18	180
	17,854	579	18,433

**Ministry of Agriculture, Forestry and Fisheries
National Implementation Office**

Climate Resilient Rice Commercialization Sector Development Project

ADB Loan No. 3007 – CAM (SF), ADB SCF Loan No. 8271 – CAM (SCF),
GAFSP Grant No. 0349 – CAM (EF) and ADB SCF Grant No. 0350 – CAM (SCF)

**Notes to the financial statements (continued)
for the period from 13 November 2013 to 31 December 2015**

12. Government staff

The government staff are staff who were appointed by the Ministry of Agriculture, Forestry and Fisheries to work for the Project which were fully funded by the Government Counterpart Fund.

13. Statement of disbursement

Details of statement of disbursement from ADB fund are as follows:

		Period form 13 November 2013 to 31 December 2015 US\$
ADB Fund claims during period		
Initial advance		300,722
Refund to PMO		(70,000)
Subtotal	(A)	<u>230,722</u>
Total expenditure made during the period	(B)	146,183
<i>Expenditure made out of Government Counterpart Fund</i>	(C)	(65,254)
<i>Remaining initial advance during the period</i>	(D)	122,558
<i>Advance to PIO</i>	(E)	<u>27,235</u>
Total eligible expenditure claimed (A=F=B+C+D+E)	(F)	<u><u>230,722</u></u>

14. Commitment

As at 31 December 2015, the Project has commitment to pay to the incremental staff amounting to US\$24,200.

15. Comparative figures

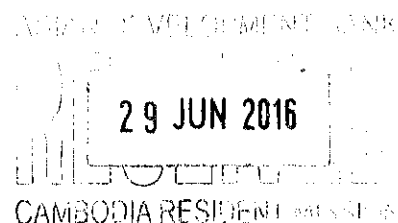
There are no comparative figures as this is the first set of financial statements prepared since the commencement of the Project which was from 13 November 2013.

KINGDOM OF CAMBODIA
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Ministry of Economy and Finance
General Department of International Cooperation
and Debt Management
Department of Multilateral Cooperation
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MAFF



Phnom Penh, 28 June 2016

Mr. Januar Hakim
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Subject: ADB Loan No. 3007-CAM(SF)/Loan No. 8271-CAM(SCF) and Grant No. 0349-CAM(EF)/Grant No. 0350-CAM(SCF): Climate Resilient Rice Commercialization Sector Development 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 period from 13 November 2013 to 31 December 2015.

Sincerely yours, *V*

Veng Youim
Chief
Office of Multilateral Cooperation 1