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审计署国外贷援款项目审计服务中心

Audit Service Center of China National Audit Office for Foreign Loan and Assistance Projects

审 计 报 告

Audit Report

审外中报〔2017〕19号

AUDIT REPORT〔2017〕NO. 19

项目名称：全球环境基金赠款中国城市生活垃圾综合环境管理项目

Project Name: Municipal Solid Waste Management Project Granted by GEF

赠 款 号：TF018479

Grant No.: TF018479

项目执行单位：环境保护部环境保护对外合作中心

Project Entity: Foreign Economic Cooperation Office,Min istry of Environmental Protection

会计年度：2016

Accounting Year: 2016

目　录
Contents

一、审计师意见.....1

I. Auditor's Opinion.....3

二、财务报表及财务报表附注.....5

II. Financial Statements and Notes to the Financial Statements.....5

（一）资金平衡表.....5

i. Balance Sheet.....5

（二）项目进度表.....6

ii. Summary of Sources and Uses of Funds by Project Component.....6

（三）赠款协定执行情况表.....8

iii. Statement of Implementation of Grant Agreement.....8

（四）专用账户收支表.....9

iv. Special Account Statement.....9

（五）财务报表附注.....10

v. Notes to the Financial Statements.....13

三、审计发现的问题及建议.....17

III. Audit Findings and Recommendations.....19

一、审计师意见

审计师意见

环境保护部环境保护对外合作中心:

我们审计了全球环境基金赠款中国城市生活垃圾综合环境管理项目2016年12月31日的资金平衡表及截至该日同年度的项目进度表、赠款协定执行情况表和专用账户收支表等特定目的财务报表及财务报表附注(第5页至第16页)。

(一)项目执行单位及财政部预算评审中心对财务报表的责任

编制上述财务报表中的资金平衡表、项目进度表、赠款协定执行情况表是你单位的责任,编制专用账户收支表是财政部预算评审中心的责任,这种责任包括:

1. 按照中国的会计准则、会计制度和本项目赠款协定的要求编制项目财务报表,并使其实现公允反映;

2. 设计、执行和维护必要的内部控制,以使项目财务报表不存在由于舞弊或错误而导致的重大错报。

(二)审计责任

我们的责任是在执行审计工作的基础上对财务报表发表审计意见。我们按照中国国家审计准则和国际审计准则的规定执行了审计工作,上述准则要求我们遵守审计职业要求,计划和执行审计工作以对项目财务报表是否不存在重大错报获取合理保证。

为获取有关财务报表金额和披露信息的有关证据,我们实施了必要的审计程序。我们运用职业判断选择审计程序,这些程序包括对由于舞弊或错误导致的财务报表重大错报风险的评估。在进行风险评估时,为了设计恰当的审计程序,我们考虑了与财务报表相关的内部控制,但目的并非对内部控制的有效性发表意见。审计工作还包括评价所选用会计政策的恰当性和作出会计估计的合理性,以及评价财务报表的总体列报。

我们相信,我们获取的审计证据是适当的、充分的,为发表审计意见提供了基础。

（三）审计意见

我们认为，第一段所列财务报表在所有重大方面按照中国的会计准则、会计制度和本项目赠款协定的要求编制，公允反映了全球环境基金赠款中国城市生活垃圾综合环境管理项目2016年12月31日的财务状况及截至该日同年度的财务收支、项目执行和专用账户收支情况。

（四）其他事项

我们还审查了本期内报送给世界银行的第2号提款申请书。我们认为，该提款申请书符合赠款协议的要求，可以作为申请提款的依据。

本审计师意见之后，共同构成审计报告的还有两项内容：财务报表及财务报表附注和审计发现的问题及建议。

审计署国外贷援款项目审计服务中心

2017年6月29日

地址：中国北京市丰台区金中都南街17号
邮政编码：100073
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I. Auditor's Opinion

Auditor's Opinion

To Foreign Economic Cooperation Office of Ministry of Environmental Protection

We have audited the special purpose financial statements (from Page 5 to Page 16) of the China Municipal Solid Waste Management Project Granted by GEF which comprise the Balance Sheet as of December 31, 2016, the Summary of Sources and Uses of Funds by Project Component, the Statement of Implementation of Grant Agreement and the Special Account Statement for the year then ended, and Notes to the Financial Statements.

Project Entity and Budget Appraisal and Evaluation Center of Ministry of Finance's Responsibility for the Financial Statements

The preparation of the Balance Sheet, the Summary of Sources and Uses of Funds by Project Component, the Statement of Implementation of Grant Agreement is the responsibility of your entity, while the preparation of the Special Account Statement is the responsibility of Budget Appraisal and Evaluation Center of Ministry of Finance, which include:
i. Preparing and fair presenting the accompanying financial statements in accordance with Chinese accounting standards and system, and the requirements of the project grant agreement;
ii. Designing, implementing and maintaining necessary internal control to ensure that the financial statements are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Government Auditing Standards of the People's Republic of China and 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 the auditor's 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, the auditor considers internal control relevant to the entity's preparation and fair presentation 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 appropriate and sufficient to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements identified in the first paragraph present fairly, in all material respects, financial position of the Municipal Solid Waste Management Project Granted by GEF as of December 31, 2016, its financial receipts and disbursements, the project implementation and the receipts and disbursements of the special account for the year then ended in accordance with Chinese accounting standards and system, and the requirements of the project grant agreement.

Other Matter

We also examined the withdrawal application No.2 submitted to the World Bank during the period. In our opinion, this withdrawal application complies with the project grant agreement and can serve as basis for grant withdrawal.

The audit report consists of the Auditor's Opinion and two more parts hereinafter: Financial Statements and Notes to the Financial Statements, Audit Findings and Recommendations.

Audit Service Center of China National Audit Office for
Foreign Loan and Assistance Projects
June 29, 2017

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The English translation is for the convenience of report users; Please take the Chinese audit report as the only official version

二、财务报表及财务报表附注

Ⅱ.Fina ncial Statements and Notes to the Financial Statements

（一）资金平衡表

i. Balance Sheet

资 金 平 衡 表

BALANCE SHEET

2016 年 12 月 31 日

(As of December 31, 2016)

项目名称：全球环境基金赠款中国城市生活垃圾综合环境管理项目　　赠款号：　TF018479

Name of the Project: Municipal Solid Waste Management Project Granted by GEF　　Grant No.: TF018479

编报单位：　环境保护部环境保护对外合作中心　　货币单位：人民币元

Entity Name: Foreign Economic Cooperation Office, Ministry of Environmental Protection　　Currency Unit: RMB Yuan

资金占用 Application of Fund	行次 Line No.	期初数 Beginning Balance	期末数 Ending Balance	资金来源 Sources of Fund	行次 Line No.	期初数 Beginning Balance	期末数 Ending Balance
一、项目支出合计 Total Project Expenditures	1	7,491,740.90	15,089,130.57	一、拨入配套资金合计 Co-funding Received	14	821,359.92	1,602,829.70
1.交付使用资产 Fixed Assets Transferred	2	0.00	0.00	二、拨入赠款合计 Total Grant	15	19,480,800.00	28,552,210.36
2.待核销项目支出 Construction Expenditures to be Disposed	3	0.00	0.00	三、应付款合计 Total Payable	16	173,563.90	2,230,253.66
3.转出投资 Investments Transferred-out	4	0.00	0.00	四、其他应付款合计 Other Payable	17	1,710,000.00	0.00
4.在建工程 Construction in Progress	5	7,491,740.90	15,089,130.57	五、其他拨款 Other Fund	18	0.00	0.00
二、器材 Equipment	6	0.00	0.00	六、留成收入 Retained Earnings	19	0.00	0.00
其中：待处理器材损失 Including:Equipment Losses in Suspense	7	0.00	0.00				
三、货币资金合计 Total Cash and Bank	8	14,693,982.92	17,296,163.15				
1.银行存款 Cash in Bank	9	14,693,982.92	17,296,163.15				
其中：专用账户存款 Including:Special Account	10	12,585,039.60	16,988,960.79				
2.现金 Cash on Hand	11	0.00	0.00				
四、预付及应收款合计 Total Prepaid and Receivable	12	0.00	0.00				
资金占用合计 Total Application of Fund	13	**22,185,723.82**	**32,385,293.72**	**资金来源合计 Total Sources of Fund**	20	**22,185,723.82**	**32,385,293.72**

（二）项目进度表

ii. Summary of Sources and Uses of Funds by Project Component

项目进度表（一）

SUMMARY OF SOURCES AND USES OF FUNDS BY PROJECT COMPONENT I

本期截至 2016 年 12 月 31 日

（For the Period Ended December 31,2016）

项目名称：全球环境基金赠款中国城市生活垃圾综合环境管理项目

Name of the Project: Municipal Solid Waste Management Project Granted by GEF

赠款号：TF018479

Grant No.: TF018479

编报单位：环境保护部环境保护对外合作中心

Entity Name: Foreign Economic Cooperation Office, Ministry of Environmental Protection

货币单位：人民币元

Currency Unit: RMB Yuan

	本期 Current Period			累计 Cumulative		
	本年计划额 Current year Budget	本期发生额 Current Period Actual	本期完成比 Current period % completed	项目总计划额 Life of PAD	累计完成额 Cumulative Actual	累计完成比 Cumulative % completed
资金来源合计 Total Sources of Fund		**9,852,880.14**		**386,328,800.00**	**30,155,040.06**	**7.81%**
一、全球环境基金赠款 GEF Grant		9,071,410.36		73,680,000.00	28,552,210.36	38.75%
1.世界银行 IBRD		9,071,410.36		73,680,000.00	28,552,210.36	38.75%
二、配套资金 Counterpart Financing		781,469.78		312,648,800.00	1,602,829.70	0.51%
资金运用合计 Total Application of Funds		**7,597,389.67**		**386,328,800.00**	**15,089,130.57**	**3.91%**
1. 改善城市生活垃圾焚化厂运行和监管的能力建设 Building Capacity for Improved Operation and Regulation of Incinerators		4,018,817.64		248,261,690.00	10,978,745.94	4.42%
2.改进城市生活垃圾管理规划的能力建设 Improved Integration of Incineration in MSW Management		3,070,753.95		103,569,520.00	3,136,825.95	3.03%
3.项目管理与监测结果发布 Project Management and Results Monitoring Information Dissemination		507,818.08		25,256,890.00	973,558.68	3.85%
4.待分配 To be distributed		0.00		9,240,700.00	0.00	0.00%
差异 Difference		**2,255,490.47**			**15,065,909.49**	
1.应收款变化 Change in Receivables		0.00			0.00	
2.应付款变化 Change in Payables		-2,056,689.76			-2,230,253.66	
3.货币资金变化 Change in Cash and Bank		2,602,180.23			17,296,163.15	
4.其他 Other		0.00			0.00	
5.其他应付款变化 Change in Other Payable		1,710,000.00				

项目进度表（二）

SUMMARY OF SOURCES AND USES OF FUNDS BY PROJECT COMPONENT II

本期截至 2016 年 12 月 31 日

（For the Period Ended December31,2016）

项目名称：全球环境基金赠款中国城市生活垃圾综合环境管理项目

Name of the Project: Municipal Solid Waste Management Project Granted by GEF

赠款号：TF018479

Grant No.: TF018479

编报单位：环境保护部环境保护对外合作中心

Entity Name: Foreign Economic Cooperation Office, Ministry of Environmental Protection

货币单位：人民币元

Currency Unit: RMB Yuan

项目内容 Project Component	项目支出 Project Expenditure							
	累计支出 Cumulative Amount	已交付资产 Assets Transferred				在建工程 Work in Progress	待核销项目支出 Construction Expenditures to be disposed	转出投资 Investments Transferred-out
		固定资产 Fixed Asset	流动资产 Current Asset	无形资产 Intangible Asset	递延资产 Deferred Asset			
1. 改善城市生活垃圾焚化厂运行和监管的能力建设 Building Capacity for Improved Operation and Regulation of Incinerators	10,978,745.94	0.00	0.00	0.00	0.00	10,978,745.94	0.00	0.00
2.改进城市生活垃圾管理规划的能力建设 Improved Integration of Incineration in MSW Management	3,136,825.95	0.00	0.00	0.00	0.00	3,136,825.95	0.00	0.00
3.项目管理与监测结果发布 Project Management and Results Monitoring Information Dissemination	973,558.68	0.00	0.00	0.00	0.00	973,558.68	0.00	0.00
合计 Total	**15,089,130.57**	**0.00**	**0.00**	**0.00**	**0.00**	**15,089,130.57**	**0.00**	**0.00**

（三）赠款协定执行情况表

iii. Statement of Implementation of Grant Agreement

赠款协定执行情况表
STATEMENT OF IMPLEMENTATION OF GRANT AGREEMENT

本期截至 2016 年 12 月 31 日

(For the Period Ended December31,2016)

项目名称：全球环境基金赠款中国城市生活垃圾综合环境管理项目

Project Name: Municipal Solid Waste Management Project Granted by GEF

赠款号：TF018479

Grant No.: TF018479

编报单位：环境保护部环境保护对外合作中心

Entity Name: Foreign Economic Cooperation Office, Ministry of Environmental Protection

货币单位：人民币元/美元

Currency Unit: RMB Yuan/USD

类别 Category	核定赠款金额(美元) Loan Amount (USD)	本期提款数 Current-period Withdrawals		累计提款数 Cumulative Withdrawals	
		美元 USD	折合人民币 RMB	美元 USD	折合人民币 RMB
1.对外合作中心－货物、非咨询类服务、咨询服务、培训和研讨会、增量运营费用 Goods, non-consulting services, consultants' services, Training; workshops and Incremental Operating Costs under MEP's Respective Part of the Project	2,780,000.00	46,468.19	322,349.83	46,468.19	322,349.83
2.云南省－货物、非咨询类服务、咨询服务、培训和研讨会、增量运营费用 Goods, non-consulting services, consultants' services, Training; workshops and Incremental Operating Costs under Yunnan Province's Respective Part of the Project	7,820,000.00	1,050,009.79	7,283,917.91	1,050,009.79	7,283,917.91
3.宁波市－货物、非咨询类服务、咨询服务、培训和研讨会、增量运营费用 Goods, non-consulting services, consultants' services, Training; workshops and Incremental Operating Costs under Ningbo Municipality's Respective Part of the Project	1,400,000.00	19,452.59	134,942.62	19,452.59	134,942.62
4.专用账户 Special Account				3,000,000.00	20,811,000.00
总计 Total	**12,000,000.00**	**1,115,930.57**	**7,741,210.36**	**4,115,930.57**	**28,552,210.36**

（四）专用账户收支表

iv. Special Account Statement

专用账户收支表
SPECIAL ACCOUNT STATEMENT

本期截至 2016 年 12 月 31 日

(For the period ended December 31, 2016)

项目名称：全球环境基金赠款中国城市生活垃圾综合管理项目

Project Name: Municipal Solid Waste Management Project Granted by GEF

赠款号：TF018479

Grant No. : TF018479

编报单位：财政部预算评审中心

Prepared by: Budget Appraisal and Evaluation Center of Ministry of Finance

开户银行名称：中信银行总行营业部

Depository Bank: China CITIC Bank H.O. General Banking, Beijing, China

账号：7111011482600008861

Account No: 7111011482600008861

货币单位：美元

Currency Unit: USD

项目 Item	金额 Amount
年初余额（2016/1/1） Beginning balance(Jan.1, 2016)	1,938,068.19
加(Plus)：	
1.世界银行补充(Deposited by World Bank)	1,115,930.57
2.利息收入(Interest Earning)	0.00
减(Less)：	
1.本期支付(Current Year Withdrawal)	604,963.04
(1)环保部对外合作中心(FECO of MEP)	85,328.90
(2)云南省(Yunnan)	184,043.34
(3)宁波市(Ningbo)	335,590.80
2.利息支出(Interest Disbursement)	0.00
3.银行手续费(Bank Charge)	0.00
4.世界银行回收(Total Amount Recovered by the World Bank)	0.00
年末余额(2016/12/31) Ending balance(Dec.31, 2016)	2,449,035.72

（五）财务报表附注

财务报表附注

1. 项目基本情况

该项目赠款协议于2014年12月30日由国际复兴开发银行（简称世界银行）与中华人民共和国财政部（简称财政部）共同签署。财政部与环境保护部（简称环保部）于2015年9月28日签署转赠协议，由环境保护部环境保护对外合作中心（简称环保部对外合作中心）负责赠款的使用、管理和监督。环保部对外合作中心与昆明市人民政府和云南省环境保护厅、宁波市人民政府签署了示范项目实施协议，项目具体实施机构分别为云南省环境保护对外合作中心（简称云南项目办）、宁波市环保局固体废物中心（简称宁波项目办）。项目计划资金总额6292万美元，其中：赠款资金1200万美元（环保部对外合作中心278万美元，云南项目办782万美元、宁波项目办140万美元），承诺配套资金5092万美元（环保部对外合作中心664万美元，云南项目办3128万美元，宁波项目办1300万美元）。该项目目标为按照《关于持久性有机污染物（POPs）的斯德哥尔摩公约》要求，运用现有的BAT/BEP技术，避免和减少二恶英类和其他污染物的产生和排放。项目主要内容包括：（1）改善城市生活垃圾焚化厂运行和监管的能力建设；（2）改进城市生活垃圾管理规划的能力建设；（3）项目管理与监测结果发布。项目计划于2019年12月31日结束。

2. 会计核算原则

2.1 本项目财务报表按照财政部《世界银行贷款项目会计核算办法》（财际字[2000]13号）的要求编制。

2.2 本项目采用借贷记账法进行核算。记账本位币为人民币。

2.3 会计年度采用公历年制，即从公历每年1月1日起至12月31日止。本期报表会计核算期间为2016年1月1日至2016年12月31日。

2.4 本项目财务报表采用的汇率说明：除项目进度表2-1中“项目总计划额”采用世行项目评估文件中的汇率即1美元=人民币6.14元折算，其余报表采用的期初汇率为2015年12月31日汇率，即1美元=人民币6.4936元，期末汇率为2016年12月31日汇率，即1美元=人民币6.9370元。

3. 报表编制范围

3.1 本项目的专用账户收支表由财政部预算评审中心编制。

3.2 本期财务报表编制范围包括：宁波项目办、云南项目办及环保部对外合作中心的项目财务报表及财政部预算评审中心的专用账户收支表。环保部对外合作中心负责对本级、云南项目办、宁波项目办及财政部预算评审中心专用账户收支表数据进行汇总，各报表单位对本单位提供报表的真实性、完整性负责。

4.专用账户使用情况

本项目专用账户由财政部预算评审中心管理，账户设在中信银行总行营业部，账号 7111011482600008861，币种为美元，首存款（即周转金）3,000,000.00 美元。本期期初余额 1,938,068.19 美元，本期世界银行回补总额 1,115,930.57 美元，本期支出 604,963.04 美元,期末余额 2,449,035.72 美元。本账户管理多个项目并分项核算，该账户产生的利息不在本项目下核算。

5.报表科目说明

5.1 项目支出

截至 2016 年 12 月 31 日，本期项目支出人民币 7,597,389.67 元，累计项目支出人民币 15,089,130.57 元。其中：改善城市生活垃圾焚化厂运行和监管的能力建设本期项目支出人民币 4,018,817.64 元，累计项目支出人民币 10,978,745.94 元；改善城市生活垃圾管理规划的能力建设本期项目支出人民币 3,070,753.95 元，累计项目支出人民币 3,136,825.95 元；项目管理与监测结果发布本期项目支出人民币 507,818.08 元，累计项目支出人民币 973,558.68 元。

5.2 货币资金

截至 2016 年 12 月 31 日，项目货币资金余额人民币 17,296,163.15 元，其中：专用账户存款 2,449,035.72 美元，折合人民币 16,988,960.79 元；云南项目办银行存款人民币 101,400.00 元；宁波项目办银行存款人民币 205,802.36 元。

5.3 拨入赠款

截至 2016 年 12 月 31 日，该项目累计收到赠款 4,115,930.57 美元，折合人民币 28,552,210.36 元。

5.4 拨入配套资金

截至 2016 年 12 月 31 日，配套资金本期到位人民币 781,469.78 元，累计到位人民币 1,602,829.70 元。其中：环保部对外合作中心配套资金本期到位人民币 460,000.00 元，累计到位人民币 460,000.00 元；宁波项目办本期配套资金人民币-103.32 元，为调整上期计入配套资金的利息收入，累计配套资金人民币 287,890.00 元；云南项目办本期配套资金人民币 321,573.10 元，累计配套资金人民币 854,939.70 元。

5.5 应付款

应付款期末余额人民币 2,230,253.66 元，包括：环保部对外合作中心垫付未回补资金人民币 55,621.87 元；宁波项目办预收质保金人民币 237,106.23 元；云南项目办垫付未回补资金人民币 2,538,618.63 元；汇率变动产生的汇兑损失人民币 601,093.07 元。

5.6 其他应付款

其他应付款期初余额 1,710,000.00 元，为环保部对外合作中心暂借云南项目办和宁波项目办的周转金，2016 年度云南项目办、宁波项目办已将周转金退还，期末余额人民币 0.00 元。

6. 其他情况说明

6.1 项目进度表 2-1 全球环境基金赠款本期数人民币 9,071,410.36 元，赠款协定执行情况表中本期提款数人民币 7,741,210.36 元，两表之间的差额人民币 1,330,200.00 元是由于汇率变动产生的差异。

6.2 本报表配套资金仅反映现金配套部分。

v. Notes to the Financial Statements

Notes to the Financial Statements

1. Project Overview

1.1 The Grant Agreement (therefore abbr. GA) of Municipal Solid Waste (MSW) Management Project was signed by the International Bank for Reconstruction and Development (therefore abbr. WB) with the Ministry of Finance, People's Republic of China (hereinafter abbr. MOF) on December 30, 2014. An implementation agreement was signed between MOF and the Ministry of Environmental Protection (therefore abbr. MEP) to designate Foreign Economic Cooperation Office (therefore abbr. FECO) of MEP to be responsible for the use, management and supervision of the grant on September 28, 2015. Project implementation agreement has been signed between FECO of MEP and Kunming Municipality, Yunnan Department of Environmental Protection and Ningbo Municipality, in which it has been defined clearly that the Foreign Economic Cooperation Office of Yunnan Department of Environmental Protection (therefore abbr. Yunnan PMO) and Solid Waste Management Center of Ningbo Bureau of Environmental Protection (therefore abbr. Ningbo PMO) act as the project's implementation agency. The total cost of the project is USD 62,920,000.00 with a grant of USD 12,000,000.00 from GEF and a counterpart fund of USD 50,920,000.00 (the amount of the grant allocated to FECO of MEP, Yunnan PMO and Ningbo PMO is USD 2,780,000.00, USD 7,820,000.00 and USD 1,400,000.00 respectively; the amount of counterpart fund allocated to FECO of MEP, Yunnan PMO and Ningbo PMO is USD 6,640,000.00, USD 31,280,000.00 and USD 13,000,000.00 respectively). The objectives of the project are to avoid and reduce the production and emission of dioxins and other pollutants by application of BAT/BEP technology according to *the Stockholm Convention on Persistent Organic Pollutants (POPs)*. The main contents of the project include: (1) Building capacity for improved operation and regulation of MSW incinerators; (2) Improved integration of incineration in MSW management; and (3) Project management and results monitoring information dissemination. The agreed closing date of the project is December 31, 2019.

2. Accounting Policies

2.1 The financial statements was prepared in accordance with the *Accounting Principle of the World Bank Loan Project (CaiJiZi [2000]13)* from the Ministry of Finance.

2.2 The debit/credit double entry bookkeeping system is applied for bookkeeping purpose. Currency unit for accounting is RMB.

2.3 Accounting period is the Gregorian calendar, which is from January 1 to December 31. Financial Statement for the current accounting period is from January 1, 2016 to December 31, 2016.

2.4 Notes to the exchange rate of current financial statement: The exchange rate provided in the Project Appraisal Document (PAD) (USD 1=RMB 6.14 yuan) is used as the available exchange rate in the Summary of Sources and Uses of Funds by Project Component I when calculating the life of PAD of the project, the exchange rate as of December 31, 2015 which is USD 1=RMB 6.4936 yuan is used as beginning exchange rate and the exchange rate as of December 31, 2016 which is USD 1=RMB 6.9370 yuan is used as ending exchange rate in other financial statements if mentioned.

3. Consolidation Scope of the Financial Statements

3.1 The Statement of the Special Account was prepared by the Budget Appraisal and Evaluation Center of MOF.

3.2 Consolidation scope of the financial statement covers the financial statements of Ningbo PMO, Yunnan PMO, FECO of MEP and the Budget Appraisal and Evaluation Center of MOF. FECO of MEP is responsible for preparing its own financial statements and consolidating the financial statements of FECO of MEP, Yunnan PMO, Ningbo PMO and Special account statement of the Budget Appraisal and Evaluation Center of MOF. Each entity has the responsibility for the authenticity and integrity of its own financial statements.

4. Notes to the Application of Special Account

The special account of the project was set up in the CITIC Bank of China by the Budget Appraisal and Evaluation Center of MOF. The account number is 7111011482600008861, and currency unit is USD. The first withdrawal (namely turn-over fund) is USD 3,000,000.00. The beginning balance of the special account is USD 1,938,068.19, the deposited amount for current period by WB is USD 1,115,930.57, disbursement for current period is USD 604,963.04, the ending balance is USD 2,449,035.72 as of December 31, 2016. This account manages multiple projects and accounting by separate projects. The interest incurred by this account is not accounted under this project.

5. Notes to the Financial Statement Accounts

5.1 Project Expenditure

As of December 31, 2016 the current project expenditure is RMB 7,597,389.67 yuan, the accumulated project expenditure is RMB 15,089,130.57 yuan , among which the current expenditure for building capacity for improved operation and regulation of incinerators is RMB 4,018,817.64 yuan, accumulated project expenditure is RMB 10,978,745.94 yuan; current expenditure for improved integration of incineration in MSW management is RMB 3,070,753.95 yuan, accumulated project expenditure is RMB 3,136,825.95 yuan ;an d current expenditure for project management and results monitoring information dissemination is RMB 507,818.08 yuan, accumulated project expenditure is RMB 973,558.68 yuan .

5.2 Cash and Bank

The balance of Cash and Bank account is RMB 17,296,163.15 yuan as of December 31, 2016, including the balance of special account USD 2,449,035.72 which is approximately RMB 16,988,960.79 yuan, balance of Yunnan PMO bank account is RMB 101,400.00 yuan and balance of Ningbo PMO bank account is RMB 205,802.36 yuan.

5.3 Grant

As of December 31, 2016, the accumulated grant received is USD 4,115,930.57, approximately RMB 28,552,210.36 yuan.

5.4 Counterpart Fund

Counterpart fund received for current period is RMB 781,469.78 yuan, the cumulative counterpart fund received is RMB 1,602,829.70 yuan as of December 31, 2016. Counterpart fund of FECO of MEP for current period is RMB 460,000.00 yuan, cumulative counterpart fund received is RMB 460,000.00 yuan; counterpart fund of Ningbo PMO for current period is RMB -103.32 yuan, which is for adjusting the last period's interest calculated as counterpart fund, cumulative counterpart fund received is RMB 287,890.00 yuan; and counterpart fund of Yunnan PMO for current period is RMB 321,573.10 yuan, cumulative counterpart fund received is RMB 854,939.70 yuan .

5.5 Payables

The ending balance of payables is RMB 2,230,253.66 yuan, which includes that the prepaid cost incurred by FECO of MEP is RMB 55,621.87 yuan, prepaid quality guarantee deposit by Ningbo PMO is RMB 237,106.23 yuan, the prepaid cost incurred by Yunnan PMO is 2,538,618.63 yuan, and the exchange rate loss is RMB 601,093.07 yuan.

5.6 Other payable

The ending balance of the other payable is RMB 1,710,000.00 yuan, which is the turn-over fund received by both Yunnan and Ningbo PMOs from FECO of MEP. Both Yunnan PMO and Ningbo PMO have returned the fund from FECO of MEP in 2016. Ending balance for the other payables is RMB 0.00 yuan as of December 31, 2016.

6. Other Explanation for the Financial Statements

6.1 In the Summary of Sources and Uses of Funds by Project Component Ⅰ, GEF grant for current period is RMB 9,071,410.36 yuan. In the Statement of Implementation ofGr ant Agreement, current-period withdraws isRMB 7,741,210.36 yuan. The difference of the two statements is RMB 1,330,200.00 yuan which is caused by exchange rate fluctuation.

6.2 The counterpart fund in this report reflects the cash counterpart fund only.