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**AUDIT SERVICES
CORPORATION**

THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

MINISTRY OF FINANCE

THE GENERAL EDUCATION QUALITY IMPROVEMENT

PROGRAM FOR EQUITY (GEQIP-E)

INVESTMENT PROJECT FINANCING-P163050

INDEPENDENT AUDITOR'S REPORT

AND

FINANCIAL STATEMENTS

07 JULY 2023



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**Office of the Federal Auditor General
Audit Service Corporation**

**INDEPENDENT AUDITOR'S REPORT ON THE
FINANCIAL STATEMENTS OF MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM FOR EQUITY
INVESTMENT PROJECT FINANCING(IPF) -P163050**

Opinion

We have audited the accompanying financial statements of General Education Quality Improvement Program for Equity, Investment Project Financing of the Federal Democratic Republic of Ethiopia, Ministry of Finance, financed by IDA Grant number D262 ET and IDA D8080-ET, MDTF Grant Number TFA8352 and TFB5501 and GPE Grant Number TFB5137,, which comprise the balance sheet as at 07 July 2023, and the statement of sources and uses of funds and the designated account statement for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion the financial statements give a true and fair view of the financial position of General Education Quality Improvement Program For Equity (GEQIP-E), Investment Financing Project (IPF) of the Federal Democratic Republic of Ethiopia, Ministry of Finance as at 07 July 2023 and of its financial performance and its sources and uses of funds for the year then ended in accordance with the Ethiopian Government's Manual of the Federal Accounting System which is based on a modified cash basis of accounting.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA).

We are independent of the audited entity / Ministry of Finance and its sub implementers in accordance with the relevant ethical requirements relating to the audit , and have fulfilled the auditor's other ethical responsibilities in accordance with these requirements as per the

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International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants(IESBA Code).

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

Responsibilities of Management for the Financial Statements

The Ministry of Finance (MoF) is responsible for the preparation and fair presentation of these financial statements in accordance with the Ethiopian Government's Manual of the Federal Accounting System which is based on a modified cash basis of accounting and for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

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.

Reports on other requirements

As required by the World Bank guidelines we report that, to the extent we can assess:-

- all external financing has been used in accordance with the conditions of the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which the financing was provided;
- counter-part funds have been provided and used in accordance with the financing agreement and only for the purposes for which the financing were provided;

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- goods, works and services financed have been provided in accordance with the relevant financing agreement and disbursement letters;
- all necessary supporting documents, records and accounts have been maintained in respect of all Program activities;
- the funds disbursed covered expenditures that are eligible for financing under IDA Grant number D262 ET, additional financing for refugee integration IDA D8080, MDTF Grant Number TFA8352, additional financing for refugee integration MDTF Grant Number TFB5501 and GPE Grant No. TFB5137;
- Our examination revealed no weaknesses and irregularities in the systems of internal controls over financial expenditure; and
- with respect to IFR based withdrawal applications submitted during the year ended 07 July 2023 and listed on page 11, in our opinion;
 - a) the applications together with the procedures and internal controls involved in their
 - b) Preparation can be relied upon to support the relevant withdrawals;
 - c) adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expenditures incurred; and
 - d) expenditures are eligible for financing under IDA grant number D262 ET , MDTF Grant Number TFA8352, and GPE TFB5137;

AUDIT SERVICE CORPORATION

Date: 29 December 2023

MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT
PROGRAM FOR EQUITY
INVESTMENT PROJECT FINANCING
BALANCE SHEET
AS AT 07 JULY 2023

	Notes	Birr	<u>2022</u> <u>Birr</u>
CURRENT ASSETS			
Cash	3	527,984,647	285,862,894
Advance	4	<u>402,261,390</u>	<u>14,087,858</u>
		930,246,037	299,950,752
CURRENT LIABILITIES			
Payable	5	<u>7,065,385</u>	<u>2,172,742</u>
NET CURRENT ASSET		<u>923,180,652</u>	<u>297,778,010</u>
REPRESENTED BY			
FUND BALANCE	6	<u>923,180,652</u>	<u>297,778,010</u>

MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT FOR EQUITY (GEQIP-E)
INVESTMENT PROJECT FINANCING
STATEMENT OF SOURCE AND USE OF FUND
FOR THE PERIOD ENDED FROM 08 JULY 2022 TO 07 JULY 2023

Currency: Birr

		<u>Cumulative for</u> <u>the period from</u> <u>8 March 2018</u> <u>to 7 July 2023</u>	<u>7 July 2022</u>
		<u>Birr</u>	<u>Birr</u>
SOURCES			
IDA credit and grant	115,560,639	422,057,959	-
MDTF/GPE/	263,961,514	263,961,514	-
GPE	419,427,486	419,427,486	-
MOF Treasury	-	120,229,636	120,229,637
Gain on exchange rate	<u>7,223,534</u>	<u>28,942,440</u>	<u>8,973,239</u>
	806,173,173	1,254,619,035	129,202,876
USES			
National policy framework for primary Education	-	539,325	-
Strategy for resorting education services in response to disaster		592,975	592,975
Information Communication Technology for Education	3,103,046	3,818,697	580,381
Establishment of National Refugee Integration Unit	1,200,376	1,200,373	-
Establishment of National and reintegration Unit	427,000	427,000	-
Capacity building for refugee	8,228,940	8,228,941	-
Program management	93,359,238	235,879,374	71,952,907
Program Evaluation	<u>74,451,930</u>	<u>80,834,192</u>	<u>5,050,490</u>
	180,770,531	331,520,877	78,176,753
EXCESS OF SOURCES OVER USES			
Prior Year adjustment(SNNP)	-	82,494	-
Fund Balance, 07 July 2023	<u>625,402,642</u>	<u>923,180,652</u>	<u>51,026,123</u>

MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM
FOR EQUITY (GEQIP-E) INVESTMENT PROJECT FINANCING
IDA GRANT NUMBER D2620,IDA D8080,MDTF TFB5501 & GPE TFB 5137
USD DESIGNATED ACCOUNT STATEMENT
FOR THE YEAR ENDED 7 JULY 2023

For the Year ended	Currency: Birr		
Account number	7 July 2023		
Depository Bank	0100101300561		
Address	National Bank of Ethiopia		
	Addis Ababa,		
	Ethiopia		
Related Credit	IDA Grant NO. D2620-ET and D8080-ET,		
	MDTF Grant No. TF B5501 and GPE Grant No.		
	TFB5137		
Currency	USD		
		<u>USD</u>	<u>Birr</u>
Balance 8 July 2022		2,137,333	111,204,794
Add: Fund received during the year			
IDA Grant		1,015,389	54,868,190
MDTF/GPE/		4,900,000	263,961,514
GPE		<u>1,504,638</u>	<u>81,696,574</u>
		<u>7,420,027</u>	<u>400,526,278</u>
		9,557,360	511,731,072
Less:			
Transfer to Pool Birr account		<u>3,050,000</u>	<u>163,412,625</u>
		6,507,360	348,318,447
Gain on foreign exchange		=	<u>7,223,534</u>
Balance, 07 July 2023		<u>6,507,360</u>	<u>355,541,981</u>

MINISTRY OF FINANCE

**GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM FOR EQUITY
(GEQIP-E) INVESTMENT PROJECT FINANCING (IPF)
NOTES TO THE FINANCIAL STATEMENTS**

1. PROGRAM INFORMATION

The objective of the General Education Quality Improvement Program for Equity (GEQIP-E) Investment Project Financing (IPF) is to assist the implementation of General Education Quality Improvement Program for Equity (GEQIP-E). In an agreement dated 21 December 2017, under Grant number D262 ET, the International Development Association (IDA) and under Grant number GPE TFB5137, Global Partnership for Education (GPE) agreed to extend a credit in an amount equivalent to Special Drawing Rights (SDR) variously “credit and financing” to assist in financing the Project which will be supervised through the Ministry of Education with Ministry of Finance being responsible for overall financial management of the Program.

The project consists of the following activities to assist with implementation of the program and to mitigate implementation risks:

- (a) Enhancing capacity for delivering sustained results in the program by providing technical assistance to Ministry of Education (MoE) for:
 - i) Developing a national policy framework for expansion of early childhood education; and
 - ii) Integration of information communication technology (ICT) to improve education service delivery, including carrying out a study to review challenges’ and assess the impact of introducing ICT in the secondary schools, and making recommendation for policy reform and future intervention
- (b) Carrying out the following activities to enhance emergency response preparedness:
 - i) Provision of technical assistance to enhance the capacity of the Ministry of Education and the relevant regional and Woreda offices to prepare and implement an emergency strategy and plan for schools to with drought and other disaster;

**MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM FOR EQUITY
(GEQIP-E) INVESTMENT PROJECT FINANCING (IPF)
NOTES TO THE FINANCIAL STATEMENTS (continued)**

- ii) Providing immediate response to an Eligible Crises or Emergency, as needed.
- (c) Provision of technical assistance to MoE, and responsible agencies in the Regions and Woredas, to improve the Program management, implementation, monitoring and evaluation, and third party validation, as well as Project evaluation (including mid-term and end of Program evaluation).

The above financier's Program closing time and application deadline is as follows:-

<u>Financer</u>	<u>Application Closing Date</u>	<u>Application Deadline</u>
International Development Association IDA D262-ET	30 June 2024	31 December 2024
International Development Association IDA D8080-ET	08 April 2025	8 October 2025
Multi Donors Trust Fund TFB5501	25 July 2024	25 November 2024
Global Partnership for Education, GPE TFB5137	30 June 2024	31 December 2024

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Program, which are consistent with those applied in the previous years, are stated below.

a) Basis of preparation

These financial statements are prepared on a modified cash basis and in accordance with the accounting policy of the Government of the Federal Democratic Republic of Ethiopia.

b) Currency

These financial statements are presented in Birr. Transactions in foreign currencies are translated into Birr at the approximate rates of exchange prevailing at the dates of the transaction. Balances in foreign currencies at the balance sheet date are translated at the rate of exchange prevailing on that date

MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM FOR EQUITY
(GEQIP-E) INVESTMENT PROJECT FINANCING (IPF)
NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Cash on hand and at bank

Implementing Agencies	Currency: Birr			2022
	<u>Cash at bank</u>	<u>Cash on hand</u>	<u>Total</u>	
Pooled grant and credit special account	355,541,981		358,213,543	111,204,794
Pooled Birr account	2,671,562			4,978,916
Tigray National Regional State	8,643,907	-	8,643,907	1,784,835
Amhara National Regional State	10,897,971	-	10,897,971	3,238,522
Oromia National Regional State	1,011,506	-	1,011,506	2,618,644
Benishangul Gumuz National Regional State	12,702,941	13,559	12,716,500	2,059,170
Southern Nations Nationalities , and People Regional State	1,164,604	-	1,164,604	2,204,071
Afar National Regional State	4,903,186	-	4,903,186	1,925,496
Somali National Regional State	7,847,692	-	7,847,692	732,577
Gambela National Regional State	10,518,264	82,309	10,600,573	4,561,801
Harari National Regional State	340,901	-	340,901	823,658
Sidama National Regional State	266,862	-	266,862	1,059,655
South West Ethiopia National Regional State	832,198	-	832,198	-
Ministry of Education	100,635,787	-	100,635,787	143,725,682
Ministry of Finance -Administration	3,992,736	6,642	3,999,378	965,887
Addis Ababa City Administration	2,536,025	-	2,536,025	-
Dire Dawa City Administration	873,612	400	874,012	2,039,606
Addis Ababa University		-	-	1,939,578
Refugee returns service	<u>2,500,000</u>	<u>-</u>	<u>2,500,000</u>	<u>-</u>
	527,881,737	102,910	527,984,647	285,862,894

MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM FOR EQUITY
(GEQIP-E) INVESTMENT PROJECT FINANCING (IPF)
NOTES TO THE FINANCIAL STATEMENTS (continued)

4. ADVANCES

	Currency: Birr	
	<u>Birr</u>	<u>2022</u> <u>Birr</u>
Tigray National Regional State	324,972	-
Benishangul Gumuz National Regional State	817	-
Afar National Regional State	10	10
Gambella National Regional State	2,158,000	-
Iharari National Regional State	-	34,250
Sidama National Regional State	582,691	-
South West Ethiopia National Regional State	761,334	551,628
Southern Nations Nationalities and People Regional State	58	58
Dire Dawa City Administration	-	157
Addis Ababa City Administration	10,147	3,084
Ministry of Education	<u>398,423,361</u>	<u>13,498,671</u>
	<u>402,261,390</u>	<u>14,087,858</u>

MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM FOR EQUITY
(GEQIP-E) INVESTMENT PROJECT FINANCING (IPF)
NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PAYABLES

	Currency: Birr	
	<u>Birr</u>	<u>2022</u> <u>Birr</u>
Amhara National Regional State	5,850	413
Oromiya National Regional State	137,798	61,842
Tigray National Regional State	487,902	141,359
Benishangul Gumuz National Regional State	4,281,722	-
Afar National Regional State	808,364	484,673
Gambela National Regional State	65,686	731,389
Sidama National Regional State	8,642	29,559
South West Ethiopia National Regional State	20,723	-
Southern Nations Nationalities and People Regional State	10,769	186
Harari National Regional State	-	27,473
Dire Dawa City Administration	-	11,750
Addis Ababa City Administration	9,543	9,579
Ministry of Education	733,969	674,519
Ministry of Finance-Administration	494,417	-
	<u>7,065,385</u>	<u>2,172,742</u>

6. FUND BALANCE

		<u>2022</u>
Balance at 8 July 2022	297,778,010	246,669,393
Prior period adjustment(SNNP)	-	82,494
Excess of Sources over Uses of funds of the current year	625,402,642	51,026,123
Balance at 7 July 2023	<u>923,180,652</u>	<u>297,778,010</u>

**MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM FOR EQUITY
(GEQIP-E) INVESTMENT PROJECT FINANCING (IPF)
NOTES TO THE FINANCIAL STATEMENTS (continued)**

7. DATE OF AUTHORIZATION

The Channel One Programs Coordinating Department Head, of the Ministry of Finance, authorized the issue of these financial statements on 27 December 2023.

MINISTRY OF FINANCE
 GENERAL EDUCATION QUALITY IMPROVEMENT
 PROGRAM FOR EQUITY
 INVESTEMENT PROJECT FINANCING
 IFR BASED WITHDRAWAL SCHEDULE FOR
 APPLICATIONS SUBMITTED FROM 8 JULY 2022 TO 07 JULY 2023

Reference Number	<u>USD</u>	<u>Birr</u>
GEQIP-E IPF 22	395,403.55	21,261,995.55
GEQIP-E IPF 23	3,411,735.29	183,740,027.56
GEQIP-E IPF 24	1,504,637.95	81,696,574.45
GEQIP-E IPF 25	619,985.58	33,606,194.37
GEQIP-E IPF 26	<u>1,488,264.71</u>	<u>80,221,486.18</u>
	<u>7,420,027.08</u>	<u>400,526,278.11</u>

**MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM
FOR EQUITY (GEQIP-E) INVESTMENT PROJECT FINANCING
IDA GRANT NUMBER D2620, IDA D8080, MDTF TFB5501 & GPE TFB 5137
RECONCILIATION OF THE FOUR QUARTERS OF 2023 INTERIM
FINANCIAL REPORTS (IFRS) WITH THE YEAR END STATEMENT
OF SOURCES AND USES OF FUNDS AND BALANCE SHEET**

	Currency: Birr				
	<u>1st</u>	<u>2nd</u>	<u>3rd</u>	<u>4th</u>	<u>Cumulative</u>
	<u>Quarter</u>	<u>Quarter</u>	<u>Quarter</u>	<u>Quarter</u>	<u>8-Jul-18</u>
					<u>to</u>
					<u>7-Jul-23</u>
Balance, 08 July 2022					297,778,010
SOURCES					
Collection during the year					
Cash transfer	-	259,598,130	424,048,740	115,302,769	798,949,639
Gain on foreign exchange	<u>1,250,778</u>	<u>796,474</u>	<u>1,022,245</u>	<u>4,154,037</u>	<u>7,223,534</u>
	<u>1,250,778</u>	<u>260,394,605</u>	<u>425,070,984</u>	<u>119,456,806</u>	<u>806,173,173</u>
EXPENDITURES					
Program expenditures	<u>19,364,283</u>	<u>46,157,515</u>	<u>34,984,905</u>	<u>80,263,828</u>	<u>180,770,531</u>
Excess of Sources over uses	<u>(18,113,505)</u>	<u>214,237,089</u>	<u>390,086,079</u>	<u>39,192,978</u>	<u>625,402,642</u>
Fund Balance, 07 July 2023					923,180,652
Cash at bank					527,881,737
Cash on hand					102,909
Advances					402,261,390
Payables					<u>(7,065,385)</u>
Accumulated Fund Balance, 07 July 2023					923,180,652