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FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
MINISTRY OF FINANCE

ቁጥር: 15/15.12/7/3/16
Ref.No
05 JAN 2024
ቀን:
Date

The World Bank
Ethiopia Country Office
Addis Ababa

Dear Sirs,

Subject:- Submission of Annual financial audit report of the Urban Institutional & Infrastructure Development Program (UIIDP-IPF) and (UIIDP-P4R) for the year ended July 7,2023 (Sene 30,2015 EFY).

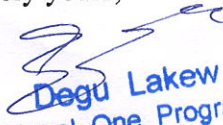
Attached herewith, please find the annual financial audit report for the year ended July 7, 2023 (EFY 2015).

- Annual Audit Findings and recommendations (one copy)
- Independent auditors' report on financial statements(one copy)
- Independent auditors' report on designated and pool birr account statement.

Thank you in advance for your usual Cooperation.



Sincerely yours,

For 
Degu Lakew
Channel One Programs
Coordinating
Department Head

C.C

- Ministry of Urban and Infrastructure
Addis Ababa
- Channel One Programs Coordinating Department
- UIIDP-IPF and UIIDP-P4R Follow-up
MoF



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**The Federal Democratic Republic of Ethiopia
Audit Services Corporation**



**INDEPENDENT AUDITOR'S REPORT ON THE
FINANCIAL STATEMENTS OF
MINISTRY OF FINANCE
URBAN INSTITUTIONAL AND INFRASTRUCTURE
DEVELOPMENT PROGRAM (UIIDP-IPF)
IDA GRANT No.D277-ET, P163452 AND AFD 1073 1 U**

We have audited the accompanying financial statements of Urban Institutional and Infrastructure Development Program (UIIDP-IPF) financed under IDA Credit numbers 6196-ET, SUF 6197-ET, Grant No. D277- ET, P163452 and AFD 1073 1U of the Federal Democratic Republic of Ethiopia, Ministry of Finance, which comprise the balance sheet as at 7 July 2023, the statement of sources and uses of funds and the designated accounts statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility for the Financial Statements

The Ministry of Finance 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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

**INDEPENDENT AUDITOR'S REPORT ON THE
FINANCIAL STATEMENTS OF
MINISTRY OF FINANCE
URBAN INSTITUTIONAL AND INFRASTRUCTURE
DEVELOPMENT PROGRAM (UIIDP-IPF)
IDA GRANT No.D277-ET, P163452 AND AFD 1073 IU (continued)**

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Urban Institutional and Infrastructure Development Program (UIIDP-IPF) financed under IDA Credit numbers 6196-ET, SUF 6197-ET, Grant No. D277- ET, P163452 and AFD 1073 1U as at 7 July 2023 and of 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.

Reports on other requirements

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

- during the period IDA funds have been used in accordance with the conditions of the relevant financing agreements and only for the purposes for which the financing were provided;
- counter-part funds have been provided and used in accordance with the financing agreement and only for the purposes for which the financing was provided;
- goods, works and services financed have been provided in accordance with the relevant financing agreements and disbursement letters;
- all necessary supporting documents, records and accounts have been maintained in respect of all Project's activities;
- funds disbursed covered expenditure that are eligible for financing under IDA Credit Nos. 6196-ET, SUF 6197-ET, Grant No. D277-ET, P163452 and AFD 1073 1 U;
- there was a clear linkage between the books of account and the financial statements; and
- our examination revealed no major weaknesses or irregularities in the system of internal controls over financial expenditure other than those mentioned in the management letter.

Audit Services Corporation

5 January 2023



MINISTRY OF FINANCE
URBAN INSTITUTIONAL AND INFRASTRUCTURE DEVELOPMENT PROGRAM
(UIIDP-IPF)
IDA CREDIT GRANT NO.D2770-ET ,P163452 AND AFD 1703 I U
BALANCE SHEET
AS AT 7 JULY 2023

	Notes	Birr	2022 Birr
CURRENT ASSETS			
Advances		30,133,841	39,064,942
Cash and bank balances	3	<u>186,723,462</u>	<u>243,794,318</u>
		216,857,303	282,859,260
CURRENT LIABILITIES			
Accounts payable		<u>17,614,284</u>	<u>4,008,602</u>
NET CURRENT ASSET		<u>199,243,019</u>	<u>278,850,658</u>
FINANCES BY			
ACCUMULATED FUND	5	<u>199,243,019</u>	<u>278,850,658</u>



MINISTRY OF FINANCE
URBAN INSTITUTIONAL AND INFRASTRUCTURE DEVELOPMENT
PROGRAM (UIIDP-IPF)

IDA GRANT NUMBERS No.D2770-ET, P163452 AND AFD 1703 1 U
STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED 7 JULY 2023

SOURCE	Note	07-Jul-23	Cumulative from 26 December 2018 To 7 July 2023	Year ended 7 July 2022
		Birr	Birr	Birr
Initial deposit		-	130,190,207	-
IDA Grant D277-ET		260,192,539	809,011,173	231,949,709
AFD Grant		-	36,838,236	36,838,236
Direct Payment		-	95,607,481	95,607,481
Gain on foreign exchange	4	<u>5,739,601</u>	<u>49,725,164</u>	<u>19,277,822</u>
		<u>265,932,140</u>	<u>1,121,372,261</u>	<u>383,673,248</u>
USES				
Goods		6,829,672	61,732,114	48,078,121
Consultancy services		269,050,138	687,793,909	217,463,208
Training and work shop		64,104,293	152,987,566	36,836,042
Operating costs		<u>5,555,676</u>	<u>19,615,653</u>	<u>9,557,962</u>
		<u>345,539,779</u>	<u>922,129,242</u>	<u>311,935,333</u>
EXCESS OF SOURCES OVER USES		<u>(79,607,639)</u>	<u>199,243,019</u>	<u>71,737,915</u>



**MINISTRY OF FINANCE
 URBAN INSTITUTIONAL AND INFRASTRUCTURE DEVELOPMENT
 PROGRAM (UIIDP-IPF)
 USD DESIGNATED ACCOUNT STATEMENT**

For the year ended 7 July 2023
 Account number 0100101300560
 Depository bank National Bank of Ethiopia
 Address Addis Ababa, Ethiopia
 Related Grant AFD 1703 1 U, P163452
 Currency EURO

	EURO	BIRR
Opening Balance - 7 July 2022	<u>195,794.67</u>	<u>10,404,117.59</u>
Less Transfer to Birr account	<u>100,000.00</u>	<u>5,094,330.00</u>
	95,794.67	5,309,787.59
Add. Gain on foreign exchange		<u>383,155.54</u>
Ending Balance-7 July 2023	<u>95,794.67</u>	<u>5,692,943.13</u>



**MINISTRY OF FINANCE
URBAN INSTITUTIONAL AND INFRASTRUCTURE DEVELOPMENT
PROGRAM (UIIDP-IPF)
USD DESIGNATED ACCOUNT STATEMENT**

For the year ended 7 July 2023
 Account number 0100101300560
 Depository bank National Bank of Ethiopia
 Address Addis Ababa, Ethiopia
 Related Grant IDA GRANT No. D2770-ET AND AFD 1703 1 U
 Currency USD

	USD	BIRR
Opening Balance - 7 July 2022	1,255,967.07	65,347,589.86
Add: IDA Grant during the year	<u>4,848,420.45</u>	<u>260,192,538.98</u>
	<u>6,104,387.52</u>	<u>325,540,128.84</u>
Less: Transfer to Birr account	3,870,000.00	207,175,035.00
Transfer to MUDI -USD Account	<u>699,257.33</u>	<u>37,448,796.23</u>
	<u>4,569,257.33</u>	<u>244,623,831.23</u>
	1,535,130.19	80,916,297.61
Add - Gain on foreign exchange		<u>2,958,457.07</u>
Ending Balance - 7 July 2023	<u>1,535,130.19</u>	<u>83,874,754.68</u>



MINISTRY OF FINANCE
URBAN INSTITUTIONAL AND INFRASTRUCTURE DEVELOPMENT PROGRAM
(UIIDP-IPF)
SCHEDULE OF MOVEMENTS IN THE BIRR ACCOUNT

For the year ended	7 July 2023	
Account number	0100101040695	
Depository bank	National Bank of Ethiopia	
Address	Addis Ababa, Ethiopia	
Related Grant	IDA Grant No. D277-ET, P163452 and AFD 1073 1 U	
Currency	Ethiopian Birr	
Opening Balance - 7 July 2022		2,824,668.40
Add-Transfer from USD Designated Account		244,623,831.23
Transfer from EURO Designated Account		<u>5,094,330.00</u>
		<u>252,542,829.63</u>
Less- Transfer to MOUD		238,396,876.98
Transfer to MOF		4,370,000.00
Service charge		<u>2,122,693.65</u>
		<u>244,889,570.63</u>
Ending Balance- 7 July 2023		<u>7,653,259.00</u>



**MINISTRY OF FINANCE
URBAN INSTITUTIONAL AND INFRASTRUCTURE
DEVELOPMENT PROGRAM (UIIDP-IPF)
IDA GRANT NUMBERS No.D2770-ET P163452 AND AFD 1703 1 U
NOTES TO THE FINANCIAL STATEMENTS**

1. PROJECT INFORMATION

UIIDP-IPF Project is used to fund a range of institutional and capacity development intervention at or coordinated by Ministry of Urban Development, Housing and Construction (MUDCo).

The MUDCo will undertake activities in five areas:

- a) developing capacity, systems and organization of federal entities;
- b) developing capacity, systems and organization of regional and ULG entities;
- c) conducting project preparation studies, pre-feasibilities and feasibility studies for ULGs with specific needs for further investments;
- d) UIIDP management and monitoring and evaluation, and
- e) Procuring and managing APAs and V f M audits.

The financial agreement was entered into between IDA and Agence Francaise Development and The Federal Democratic Republic of Ethiopia by Grant No. D2770-ET, P163452 and ADF 1073 I U, on 20 March 2018 and 21 June 2018 respectively. The closing date of the Project is July 2023.

This IPF window has a total funding of US \$34.57 million. It will support MUDCo to administer and coordinate the operation, and to strengthen its capacity to support and guide the region and ULGs (US\$ 32.57 From IDA; and US\$ 2.0 million (approx. EURO1.8 million) from ADF.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Project, which are consistent with those applied in the preceding year, are stated below:-

a) Basis of preparation

These financial statements have been prepared in accordance with the Ethiopian Governments Manual of the Federal Accounting System based on a modified cash basis of accounting.

b) Currency

These financial statements are presented in Birr. Transactions in foreign currency are translated into Birr at the approximate rate of exchange prevailing at the date of the transaction. Cash balances denominated in foreign currencies are translated into Birr at the exchange rates ruling at the date of statement of financial position.



MINISTRY OF FINANCE
 URBAN INSTITUTIONAL AND INFRASTRUCTURE DEVELOPMENT PROGRAM
 (UIIDP-IPF)
 IDA GRANT NUMBERS No.D2770-ET ,P163452 AND AFD 1703 1 U
 NOTES TO THE FINANCIAL STATEMENTS (continued)

3 CASH AND BANK BALANCES

	Birr	2022 Birr
USD and EURO Designated account	89,567,698	75,751,708
USD-Ministry of Urban Development and Construction	25,244,393	71,684,452
Ethiopian Birr Designated Account	7,653,259	2,824,668
Ministry of Urban Development and Construction	63,457,396	91,714,282
Ministry of Finance	<u>785,720</u>	<u>1,751,788</u>
Cash on hand	186,708,465	243,726,898
	<u>14,997</u>	<u>67,420</u>
	<u>186,723,462</u>	<u>243,794,318</u>

4 GAIN FROM FOREIGN EXCHANGE
 FLUCTUATION

	Birr	2022 Birr
Ministry of Finance	3,341,613	7,337,155
Ministry of Urban Development and Construction	<u>2,397,988</u>	<u>11,940,667</u>
	<u>5,739,601</u>	<u>19,277,822</u>

5 ACCUMULATED FUND

	Birr
Beginning balance - 7 July 2022	278,850,658
Excess (Deficit) of financing over expenditure	<u>(79,607,639)</u>
	<u>199,243,019</u>



6 DATE OF AUTHORIZATION

Head of Channel One Programs Coordinating Department of the Federal Democratic Republic of Ethiopia, Ministry of Finance authorized the issue of these financial statements on 5 January 2024.

MINISTRY OF FINANCE
URBAN INSTITUTIONAL AND INFRASTRUCTURE DEVELOPMENT PROGRAM (UIIDP- IPF)
IFR BASED WITHDRAWAL SCHEDULE
FOR APPLICATIONS SUBMITTED DURING THE
YEAR ENDED 7 JULY 2023

Withdrwal Application No.	USD	EQUIVALENT IN ETHIOPIAN BIRR
UIIDP- IPF- 022	3,861,464.45	206,392,185.68
UIIDP- IPF- 023	<u>986,956.00</u>	<u>53,800,353.30</u>
	<u>4,848,420.45</u>	<u>260,192,538.98</u>



MINISTRY OF FINANCE
 URBAN INSTITUTIONAL AND INFRASTRUCTURE DEVELOPMENT PROGRAM (UIIDP-IPF)
 IDA GRANT NUMBERS No.D2770-ET ,163452 AND AFD 1703 1 U

RECONCILIATION OF QUARTERLY REPORTS DURING THE PERIOD
 FROM 26 DECEMBER 2018 TO 7 JULY 2023 WITH THE YEAR ENDED STATEMENT OF
 SOURCE AND USES OF FUND AND BALANCE SHEET

	1st Quarter Birr	2nd Quarter Birr	3rd Quarter Birr	4th Quarter Birr	Cumulative 26-Dec-18 7 JULY 2023 Birr
SOURCES					
Opening Balance 7 July 2022	-	-	-	-	278,850,658
IDA Contribution		206,392,186		53,800,535	260,192,539
Gain on foreign exchange	1,596,897	1,541,233	1,737,113	864,359	5,739,601
Total Sources	1,596,897	207,933,419	1,737,113	54,664,894	265,932,140
Total sources including opening					544,782,798
USES					
Program expenditure	92,412,201	76,258,679	119,460,907	57,407,992	345,539,779
Excess/(Deficiency) of sources Over expenditures					199,243,019
Cash at bank					186,708,465
Cash on hand					14,997
Advances					30,133,841
Payables					(17,614,284)
					199,243,019

