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AUDIT SERVICE CORPORATION

**THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA**

**MINISTRY OF FINANCE**

**URBAN PRODUCTIVE SAFETY NET AND JOBS PROJECT**

**(UPSNJP) -P169943**

**INDEPENDENT AUDITOR'S REPORT**

**AND**

**FINANCIAL STATEMENTS**

**07JULY 2025**



## VISITED BENEFICIARIES

Number of visited beneficiaries per cities		Number of visited beneficiaries per cities	
<b>1.Oromia</b>		<b>4.Afar Region</b>	
1.1,Woliso	10	4.1. Semera/Logia	12
1.2. Nekemte	10		
1.3. Adama	25		
1.4. Assela	10	<b>5. Somali</b>	
1.5. Arsi Negelle	10	5.1.Jigjiga	10
1.6. Ziway Batu	10	5.2. Kebri Beyah	10
1.7.Meki	10		
1.8. Shashemene	30		
		<b>6. Sidama</b>	
		6.1 Yirgalem	11
<b>2. Addis Ababa city</b>			
2.1. Guellele	12		
2.2. Bole	11	<b>7. Gambella</b>	
2.3.Addis Ketema	10	7.1 Gambella Town	10
2.4. Kirkos	12		
2.5Yeka	13	<b>8. Tigray</b>	
<b>3.Amhara</b>		8.1. Adwa	10
3.1.Bahir Dar City	10	8.2. Axum	12

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**INDEPENDENT AUDITOR'S REPORT ON THE  
FINANCIAL STATEMENTS OF THE MINISTRY OF FINANCE  
URBAN PRODUCTIVE SAFETY NET AND JOBS PROJECT (UPSNJP)-P169943**

**Opinion**

We have audited the accompanying financial statements of Urban Productive Safety Net and Jobs Project of the Federal Democratic Republic of Ethiopia, Ministry of Finance, financed by IDA grant number D732-ET, TF B8808, TF C5575, and TF B 8764, which comprise the balance sheet as at 07 July 2025, and the statement of sources and uses of funds and a 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 present fairly, in all material respects, the financial position of Urban Productive Safety Net and Jobs Project of the Federal Democratic Republic of Ethiopia, Ministry of Finance, financed under IDA grant number D732-ET, TF B8808, TF C5575, and TF B 8764 as at 07 July 2025 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.

**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 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.

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## **Responsibilities of Management 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 the Ministry 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.

## **Report on other requirements**

As required by the terms of reference and the World Bank guidelines we must report, in addition to our opinion, that

- during the period 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;
- 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 Project activities;
- Designated Account has been maintained in accordance with the provisions of the financing agreement and funds disbursed out of the Account were used only for the purposes intended in the financing agreement;



- National laws and regulations have been complied with and that the financing and accounting procedures approved for the Project;
- Financial performance of the Project is satisfactory;
- Assets procured from Project funds exist and there is a verifiable evidence of ownership by the Project implementing beneficiaries in line with the financing agreement;
- We did not come across with any ineligible expenditures included in withdrawal applications; and
- Our examination revealed no major weaknesses or irregularities in the system of internal control over financial expenditures.
- Furthermore, with respect to the interim financial reports (IFRs) submitted during the year ended 07 July 2025 and listed on page 14, in our opinion,
  - i. the reports, together with the procedures and internal controls involved in their preparation, can be relied upon to support the relevant withdrawals;
  - ii) adequate supporting documentation has been maintained to support claims to IDA; and
  - iii) expenditures are eligible for financing under IDA grant number D7320-ET, TF B8808, TF C5575 and TF B 8764.

AUDIT SERVICE CORPORATION

Date: 05 January 2026



**MINISTRY OF FINANCE**

**URBAN PRODUCTIVE SAFETY NET AND JOBS PROJECT – P169943**  
**BALANCE SHEET**

**AS AT 07 JULY 2025**

	<u>Notes</u>	<u>2025</u> <u>Birr</u>	<u>2024</u> <u>Birr</u>
<b>CURRENT ASSETS</b>			
Cash	3	6,238,068,041	3,660,945,202
Advances	4	<u>97,975,352</u>	<u>180,147,967</u>
Total Current assets		<b>6,336,043,393</b>	<b>3,841,093,169</b>
<b>CURRENT LIABILITIES</b>			
Payable	5	<u>382,759,419</u>	<u>145,976,719</u>
<b>NET CURRENT ASSETS</b>		<b><u>5,953,283,974</u></b>	<b><u>3,695,116,450</u></b>
<b>REPRESENTED BY</b>			
<b>FUND BALANCE</b>	6	<b><u>5,953,283,974</u></b>	<b><u>3,695,116,450</u></b>



**MINISTRY OF FINANCE**

**URBAN PRODUCTIVE SAFETY NET AND JOBS PROJECT – P169943**

**STATEMENT OF SOURCES AND USES OF FUNDS**

**FOR THE PERIOD ENDED 07 JULY 2025**

<b>Sources</b>	<b>2025</b>	<b>Birr</b>	<b>Cumulative</b>	<b>2024</b>
			<b>from 01 Jan.</b>	
			<b>2021 to 07 July 2025</b>	
Grant from IDA D7320 ET	2,226,203,407.09	20,516,171,746.10	2,736,160,059.73	
Government Contribution	15,699,999,998.08	20,338,647,957.74	3,337,229,935.67	
IDA E3010	1,714,129,589.18	1,714,129,589.18		
TF C5575	672,778,979.31	672,778,979.31		
TF B 8808				-
TF B8764		1,234,989,800	1,234,989,800	
Refund from UPSNP		339,381,600	339,381,600	
Bank error		52,017,166	52,017,166	
Gain on Foreign Exchange	876,390,626.05	1,071,585,904.90	81,445,182.56	
	<b>21,189,502,599.71</b>	<b>45,939,702,693.23</b>	<b>7,781,223,693.96</b>	
<b>Uses</b>				
<b>Component one</b>				
Public works	6,461,096,071.64	14,534,040,093.86	3,964,460,040.73	
Livelihood development	5,352,166,352.86	8,537,160,545.89	2,839,711,363.51	
Integration of refugees and host communities	2,619,206,979.03	3,095,066,883.23	396,888,923.52	
Internal Displaced Persons(IDP)	875,503,290.24	875,503,290.24		
<b>Component two</b>				
Foster urban youth employment	942,768,529.78	2,715,284,205.94	1,357,600,222.71	
<b>Component three</b>				
Strengthen social assistance and services for the urban poor and destitute	1,437,450,958.44	3,533,729,859.23	1,436,468,814.11	
<b>Component four</b>				
Institutional strengthening , project management ,monitoring and evaluation	1,243,142,893.28	2,713,988,342.82	679,684,036.14	
<b>Component five</b>				
Contingent Emergency Response Component (CERC)	—	3,987,731,236.11	224,910,615.86	
<b>Excess of Sources over Uses, 07 July 2025</b>	<b>18,931,335,075.27</b>	<b>39,992,504,457.32</b>	<b>10,899,724,016.58</b>	
<b>Prior year, 07 July 2023</b>	<b>2,258,167,524.44</b>	<b>5,947,198,235.91</b>	<b>(3,118,500,322.62)</b>	
<b>Fund Balance, 07 July 2025</b>	<b>2,258,167,524.44</b>	<b>6,085,738.24</b>	<b>—</b>	
		<b>5,953,283,974.15</b>	<b>(3,118,500,322.62)</b>	



MINISTRY OF FINANCE

URBAN PRODUCTIVE SAFETY NET AND JOBS PROJECT – P169943

USD DESIGNATED ACCOUNT STATEMENT

FOR THE PERIOD ENDED 07 JULY2025

For Year Ended	07 July 2025	
Account Number	100101300597	
Depository Bank	National Bank of Ethiopia	
Address	Addis Ababa, Ethiopia	
Related Credit	IDA Grant D7320 ET, TF B8808, TF C5575, and	
Currency	TF B 8764	
	USD	
<b>Balance, 08 July 2024</b>	<b>9,755,845.65</b>	<b>Equivalent in Birr</b>
<b>Add:</b>		<b>559,693,840.53</b>
Fund received during the year	<u>37,189,736.78</u>	<u>4,613,111,975.58</u>
	46,945,582.43	5,172,805,816.11
<b>Deduct:</b>		
Transfer to Pool Birr Account	<u>29,706,950.00</u>	<u>3,644,948,718.39</u>
	17,238,632.43	1,527,857,097.72
<b>Gain on Foreign Exchange</b>	<b>=</b>	<b><u>807,019,128.58</u></b>
<b>Ending Balance, 07 July 2025</b>	<b><u>17,238,632.43</u></b>	<b><u>2,334,876,226.30</u></b>



**MINISTRY OF FINANCE**

**URBAN PRODUCTIVE SAFETY NET AND JOBS PROJECT – P169943**

**USD DESIGNATED ACCOUNT STATEMENT**

**FOR THE PERIOD ENDED 07 JULY2025**

For Year Ended	07 July 2025	
Account Number	100101300608	
Depository Bank	National Bank of Ethiopia	
Address	Addis Ababa, Ethiopia	
Related Credit	IDA Grant D7320 –CERC	
Currency	USD	
	<u>USD</u>	<u>Equivalent in Birr</u>
<b>Balance, 08 July 2024</b>	<b>1,000,000</b>	<b>57,370,100</b>
<b><u>Add:</u></b>		
Fund received during the year	=	=
	10,000,000	57,370,100
<b><u>Deduct:</u></b>		
Transfer to Pool Birr Account	700,000	84,525,490
	300,000	(27,155,390)
<b>Gain on Foreign Exchange</b>	<b>=</b>	<b>67,788,710</b>
<b>Ending Balance, 07 July 2025</b>	<b><u>300,000</u></b>	<b><u>40,633,320</u></b>



## **MINISTRY OF FINANCE**

### **URBAN PRODUCTIVE SAFETY NET AND JOBS PROJECT -P169943**

#### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1. BACKGROUND**

The Project was established to support the Recipient in improving the incomes of the urban poor and the labor market inclusion of disadvantaged urban youth. These financial statements reflect the receipts and disbursements of grant given by International Development Association IDA grant number D732-ET, TF B8808, TF C5575 and TF B 8764. The Closing Date is December 31, 2025.

The Project consists of the following parts:

- I. Expand the Urban Productive Safety Net to Improve the Urban Environment,
- II. Foster Urban Youth Employment
- III. Strengthen Social assistance and Services for the Urban Poor Destitute
- IV. Institutional Strengthening, Project Management and Monitoring and Evaluation
- V. Contingent Emergency Response

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted by the Project, are stated below.

a) Basis of preparation

These financial statements have been prepared in accordance with the Government's accounting system outlined in the 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. Assets and liabilities denominated in foreign currencies are translated into Birr at the exchange rate ruling at the date of the balance sheet.



**MINISTRY OF FINANCE**

**URBAN PRODUCTIVE SAFETY NET AND JOBS PROJECT – P169943**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**3. Cash Birr 6,238,068,040.61**

**3.1. Cash on hand**

	<u>2025</u> <u>Birr</u>	<u>2024</u> <u>Birr</u>
Oromia National Regional State	290,283.23	8,130.63
Amhara National Regional State	0.53	0.53
South Ethiopia National Regional State	967.43	-
South West Ethiopia Regional State	1,205.98	2,240.08
Dire Dawa City	-	1,300
Gambella National Regional State	-	155
Afar National Regional State	354.18	354.18
Benishangul Gumuz National Regional State	53,840.52	28,487.98
MOF Administration	<u>1,577.53</u>	<u>40,834.84</u>
<b>TOTAL</b>	<b><u>348,229.40</u></b>	<b><u>81,503.24</u></b>



**MINISTRY OF FINANCE**

**URBAN PRODUCTIVE SAFETY NET AND JOBS PROJECT – P169943**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**3.2. Cash at bank**

	<u><b>2025</b></u> <u><b>Birr</b></u>	<u><b>2024</b></u> <u><b>Birr</b></u>
IDA credit -D7320-ET	2,375,509,546.30	617,063,940.53
Balance in pool Birr account	2,013,462,556.07	91,053,957.85
Oromia National Regional State	276,921,764.59	259,580,931.81
Amhara National Regional State	306,156,387.15	347,930,633.56
Central Ethiopia National Regional State	61,672,413.90	19,342,988.34
South Ethiopia National Regional State	83,475,091.47	49,909,253.29
Tigray National Regional State	211,322,980.44	385,886,522.53
Gambella National Regional State	173,407,632.00	146,536,598.39
Benishangul Gumuz National Regional State	70,856,844.37	84,337,928.64
Harari National Regional State	4,216,384.85	2,949,472.21
Afar National Regional State	13,653,241.39	86,939,085.88
Somali National Regional State	64,891,208.02	184,522,617.69
Sidama National Regional State	27,905,455.70	53,274,609.52
Dire Dawa City Administration	51,258,931.57	67,903,941.51
Addis Ababa City Administration	262,269,040.75	592,376,108.65
MoUDH	166,892,757.17	472,131,543.34
MOWSA	22,249,617.57	16,608,720.80
South West Ethiopia National Regional State	32,455,660.88	17,624,913.31
MOF Administration	543,404.40	1,699,650.95
8MOLS	18,598,892.62	163,190,279.69
	<b><u>6,237,719,811.21</u></b>	<b><u>3,660,863,698.49</u></b>



**MINISTRY OF FINANCE  
URBAN PRODUCTIVE SAFETY NET AND JOBS PROJECT – P169943  
NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4. Advance**

	<u>7 July 2025</u>	<u>7 July 2024</u>
	<u>Birr</u>	<u>Birr</u>
Amhara	6,777,328.98	455,537.30
Central Ethiopia	1,946,698.94	1,788,316.77
South Ethiopia	2,046,420.82	3,808,876.60
MoWSA	661,782.00	525
Dire Dawa	899,655.85	17,000
Tigray	2,414,233.83	42,789.20
Tigray UNOPS	58,903,011.90	58,902,892.85
SWER	2,879,345.27	54,279.40
MoUI(PCU)	-	355,009.07
Sidama	1,951,403.80	2,515,542.75
Harari	453,550.09	426,946.55
Afar	95,459.64	363,626.98
Beneshangul	2,986,531.65	556,333.21
Addis Ababa City	6,533,897.79	89,578,609.62
Oromia	9,426,031.71	21,281,681.66
<b>TOTAL</b>	<b><u>97,975,352.27</u></b>	<b><u>180,147,966.96</u></b>



**MINISTRY OF FINANCE**

**URBAN PRODUCTIVE SAFETY NET AND JOBS PROJECT – P169943**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**5. Payable**

	<u>7July</u> <u>2025</u> <u>Birr</u>	<u>7July</u> <u>2024</u> <u>Birr</u>
MUI(PCU)	-	779,549.17
MOF- Finance Department	208,877.91	2,440.29
Oromia	51,444,556.07	11,770,863.64
Amhara	24,858,728.70	7,835,748.11
Central Ethiopia	1,070,988.93	160,261.02
South Ethiopia	3,268,033.81	991,169.33
Gambella	132,667,896.75	-
Sidama	19,968,898.69	838,017.41
Somali	51,400,452.73	79,072,699.63
Harari	1,439,416.07	1,838,716.10
South West Ethiopia	14,457,017.07	5,026,746.27
Dire Dawa City	8,815,558.96	1,476,478.27
Addis Ababa City	57,589,238.16	14,230,100.50
Beneshangul Gumuz	2,591,774.96	5,313,745.28
Afar	304,721.04	8,439,546.54
Tigray	12,214,997.52	6,650,988.44
MOLS	314,458.13	314,055.48
MoWSA	143,803.47	1,235,593.72
<b>TOTAL</b>	<b><u>382,759,418.97</u></b>	<b><u>145,976,719.20</u></b>



**MINISTRY OF FINANCE**

**URBAN PRODUCTIVE SAFETY NET AND JOBS PROJECT – P169943**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**6. FUND BALANCE**

	<b><u>Birr</u></b>
Balance,08 July 2024	3,695,116,450
Excess of source over Expenditures of the Current Year	<u>2,258,167,524</u>
<b>Balance, 07 July 2025</b>	<b><u>5,953,283,974</u></b>

**7. DATE OF AUTHORIZATION**

The Channel One Programmes Coordinating Department of the Ministry of Finance authorized the issue of these financial statements on 05 January 2026.



**MINISTRY OF FINANCE  
URBAN PRODUCTIVE SAFETY NET AND JOBS PROJECT – P169943  
IFR WITHDRAWAL SCHEDULE  
FOR APPLICATION SUBMITTED FROM 08 JULY 2024 TO 07 JULY 2025**

<b>World Bank Reference Number</b>	<b>Amount Requested USD</b>	<b>Amount Disbursed USD</b>	<b>Equivalent in Birr</b>
IDA D7320	18,220,521.89	18,220,521.89	2,226,203,407.09
IDA E3010	13,833,230.89	13,833,230.89	1,714,129,589.18
TF C5575	<u>5,135,984.00</u>	<u>5,135,984.00</u>	<u>672,778,979.31</u>
	<b><u>37,189,736.78</u></b>	<b><u>37,189,736.78</u></b>	<b><u>4,613,111,975.58</u></b>



MINISTRY OF FINANCE

URBAN PRODUCTIVE SAFETY NET AND JOBS PROJECT – P169943  
 RECONCILIATION OF QUARTERLY INTERIM FINANCIAL REPORTS (IFR)  
 WITH YEAR END STATEMENT OF SOURCES AND USES OF FUND AND  
 BALANCE SHEET

					<u>Cumulative</u>
	<u>First</u>	<u>second</u>	<u>Third</u>	<u>Fourth</u>	<u>From</u>
	<u>Quarter</u>	<u>Quarter</u>	<u>Quarter</u>	<u>Quarter</u>	<u>01January 2021</u>
	<u>Birr</u>	<u>Birr</u>	<u>Birr</u>	<u>Birr</u>	<u>to July 07 2025</u>
Accumulated Fund 8 July 2024					<u>Birr</u>
<b>Sources</b>					<u>3,695,116,450</u>
Development partners	0	3,940,332,996.27	0	672,778,979.31	4,613,111,975.58
Government contribution	0	7,199,999,998.08	5,500,000,000.00	3,000,000,000	15,699,999,998.08
Gain on Foreign Exchange	641,495,948.18	83,284,072.26	57,980,670.66	93,629,934.94	876,390,626.04
Total Sources	641495948.18	11,223,617,066.61	5,557,980,670.66	3,766,408,914.25	21,189,502,599.70
<b>Uses</b>					
Program expenditure	1,334,607,759.92	2,192,849,630.44	7,117,083,249.03	8,286,794,435.88	18,931,335,075.27
<b>Excess of Source over Uses</b>	<b>(693,111,811.74)</b>	<b>9,030,767,436.17</b>	<b>(1,559,102,578.37)</b>	<b>(4,520,385,521.63)</b>	<b>2,258,167,524.43</b>
Cash on hand					<b>5,953,283,974.43</b>
Cash at Bank					348,229.40
Advances					6,237,719,811.21
Payables					97,975,352.27
<b>Fund Balance,07 July2025</b>					<b>(382,759,418.97)</b>
					<b>5,953,283,973.91</b>

