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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) PROGRAM FOR RESULT

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 (GEQIP-E)
PROGRAM FOR RESULT (P for R) -P163050**

Opinion

We have audited the accompanying financial statements of General Education Quality Improvement Program for Equity (GEQIP-E), Program for Result (P for R) of the Federal Democratic Republic of Ethiopia, Ministry of Finance, financed by IDA Grant number D262 ET, MDTF Grant Number TFA8352 and GPE 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), Program for Result (P for R) 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

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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.

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 D262ET ,MDTF Grant Number TFA8352 and GPE TFB5137;
- with respect to withdrawal applications submitted during the year ended 07 July 2023 and listed on page 14, in our opinion;
 - a) the applications together with the procedures and internal controls involved in their preparation can be relied upon to support the relevant withdrawals;
 - b) adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expenditures incurred; and
 - c) 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 (GEQIP -E) PROGRAM FOR RESULTS-P163050
 BALANCE SHEET
 AS AT 07 JULY 2023

| | <u>Notes</u> | <u>Birr</u> | <u>07 July 2022</u> <u>Birr</u> |
|--------------------------------|--------------|----------------------|------------------------------------|
| CURRENT ASSETS | | | |
| Cash | 3 | 3,377,901,919 | 3,642,491,096 |
| Advance | 4 | <u>254,681,133</u> | <u>376,753,486</u> |
| | | 3,632,583,052 | 4,019,244,582 |
| CURRENT LIABILITIES | | | |
| Payable | 5 | <u>85,305,119</u> | <u>26,668,732</u> |
| NET CURRENT ASSET | | <u>3,547,277,933</u> | <u>3,992,575,850</u> |
| REPRESENTED BY FUND BALANCE | 6 | <u>3,547,277,933</u> | <u>3,992,575,850</u> |

MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT
PROGRAM FOR EQUITY (GEQIP -E)PROGRAM FOR RESULTS-P163050
STATEMENT OF SOURCES AND USES OF FUND
FOR THE PERIOD FROM 08 JULY 2022 TO 07 JULY2023

| <u>Sources</u> | <u>Birr</u> | Cumulative from 8 July,2018 to 7 July 2023 <u>Birr</u> | <u>2022</u> <u>Birr</u> |
|--|-------------------------|---|----------------------------|
| Initial Deposit | - | 1,124,991,106 | - |
| IDA grant and credit | 854,036,182.65 | 9,557,754,415.65 | 4,120,834,413 |
| MDTF | 1,225,323,382.91 | 4,112,079,688.91 | 689,730,942 |
| Government contribution | 130,000,000 | 882,170,500 | 160,000,000 |
| Regional Contribution | 3,130,437 | 3,130,437 | - |
| GPE | 847,085,400 | 873,005,200 | 25,919,800 |
| Gain on foreign exchange | <u>109,766,455.33</u> | <u>386,136,449</u> | <u>90,066,982</u> |
| | <u>3,169,341,857.89</u> | <u>16,939,267,797</u> | <u>5,086,552,137</u> |
| <u>Uses</u> | | | |
| Teaching & learning material provision | 257,420,262.05 | 1,973,272,161.05 | 743,506,692 |
| Teachers & Education leaders | | 1,469,047,263.82 | |
| Development | 525,275,558.82 | | 299,497,343 |
| School improvement program & School grants | 2,006,653,777.84 | 8,308,797,489.84 | |
| Quality Assurance System | 273,434,199.44 | 499,461,910.44 | 1,511,933,617 |
| Program Coordination & System Strengthening | <u>551,856,281.83</u> | <u>1,193,717,381.83</u> | <u>250,775,930</u> |
| | <u>3,614,640,079.98</u> | 13,444,296,206.98 | 2,869,970,459 |
| Excess /(Deficit)of Sources over uses | (445,298,222.09) | 3,494,971,589.91 | 2,216,581,678 |
| Prior year adjustment (7) | = | <u>52,306,342.63</u> | = |
| Fund Balance, 07July2022 | <u>(445,298,222)</u> | <u>3,547,277,933</u> | <u>2,216,581,678</u> |

**MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT
PROGRAM FOR EQUITY (GEQIP -E) PROGRAM FOR RESULTS-P163050
USD DESIGNATED ACCOUNT STATEMENT
FOR THE PERIOD ENDED 7 JULY 2023**

For the Year ended
Account number
Depository Bank
Address
Related Credit
Currency

Currency: Birr
7 July 2023
0100101300553
National Bank of Ethiopia
Addis Ababa,
Ethiopia
IDA Grant NO. D262, MDTF Grant NO. TFA8352
and GPE Grant No. TFB5137
USD

| | <u>USD</u> | <u>Birr</u> |
|------------------------------------|--------------------------|-----------------------------|
| Balance 8 July 2022 | 60,213,227 | 3,132,876,140 |
| Add: Fund received during the year | | |
| IDA Grant | 15,879,237 | 854,036,183 |
| MDTF | 22,776,967 | 1,225,323,383 |
| GPE | <u>15,750,000</u> | <u>847,085,400</u> |
| | <u>54,406,204</u> | <u>2,926,444,966</u> |
| Less: | 114,619,431 | 6,059,321,106 |
| Transfer to Pool Birr account | <u>58,800,000</u> | <u>3,119,266,400</u> |
| Gain on foreign exchange | 55,819,431 | 2,940,054,706 |
| | - | <u>109,745,972</u> |
| Balance ,7 July 2023 | <u><u>55,819,431</u></u> | <u><u>3,049,800,677</u></u> |

**MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM
FOR EQUITY (GEQIP-E) PROGRAM FOR RESULTS (P for R) -P163050
NOTES TO THE FINANCIAL STATEMENTS**

1. PROGRAM INFORMATION

The objective of the General Education Quality Improvement Program for Equity (GEQIP-E) Program for Results (P for R) is to support Ethiopia's efforts to increase the quality of general education within its territory through improving teaching and learning conditions in schools as well as enhancing management planning and budget capacity of the Ministry of Education and of the Regional Education Bureaus respectively. In an agreement dated 21 December 2017, under grant number D262 ET, the International Development Association (IDA) agreed to extend a grant in an amount equivalent to Special Drawing Rights (SDR) variously "grant and financing" to assist in financing the Program which will be supervised through the Ministry of Education with Ministry of Finance being responsible for overall financial management of the Program. The program expenditure framework will be composed of two parts: (i) the recurrent non-salary expenditure in the education sector transferred through the regional and Woreda block grant; and (ii) expenditure supported through the special purpose grant covering school grants, textbook procurement and teachers' development programs. This audit covers only the latter part.

The Program is also financed Multi Donors Trust Fund(MDTF)- TF0A8352-ET and Global Partnership for Education (GPE)-TFB5137 administered by the World Bank

The program consists of the following activities which form a subset of the ESDP V (Education Sector Development Program) and the successor thereto:

- (a) Developing capacity for improved management in General Education by:
- i) Developing a relevant management structure in Ministry of Education, with a clear distribution of mandates and responsibilities at all levels and specifically, in managing the implementation of cross-cutting programs;
 - ii) Regular gathering, processing and sharing information to inform decision making, especially, education performance data and financial data; and

MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM
FOR EQUITY FOR (GEQIP-E) PROGRAM FOR RESULTS (P for R) -P163050
NOTES TO THE FINANCIAL STATEMENTS (continued)

- iii) Promoting good coordination and communication within and across management levels through improved use of existing documentation centers and sharing platforms.
- (b) Improving the quality of General Education by
 - i) Strengthening teachers' and leaders' development and transforming teaching into a profession of choice;
 - ii) Improving curriculum development and providing sufficient teaching and learning materials;
 - iii) Supporting schools to develop and implement School Improvement Plans (SIP) with focus on the areas of community participation, school environment, teaching and learning and school leadership; and
 - iv) Strengthening quality assurance systems with focus on school inspection, teacher and school leader licensing and assessment and examination
- (c) Improving access, equity and internal efficiency in General Education by:
 - i) Increasing access to pre-primary education;
 - ii) Increasing access to, and equity and internal efficiency of primary education; and
 - iii) Providing special support programs for Emerging Regions.
- (d) Providing support to address cross-cutting issues in General Education, specifically in the areas of gender, special needs and inclusive education

The above financiers 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 |
| Multi Donors Trust Fund (MDTF) TFA8352 | 25 July 2024 | 25 November 2024 |
| Global Partnership for Education (GPE) TFB5137 | 30 June 2024 | 31 December 2024 |

MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM FOR EQUITY
FOR (GEQIP-E) PROGRAM FOR RESULTS (P for R) -P163050
NOTES TO THE FINANCIAL STATEMENTS (continued)

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 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 FOR (GEQIP-E) PROGRAM FOR RESULTS (P for R) -P163050
NOTES TO THE FINANCIAL STATEMENTS (continued)

| Currency: Birr | | | | <u>2022</u> |
|--|---------------------|------------------------|---------------|---------------|
| | | | | <u>Birr</u> |
| 3. CASH | | | | |
| 3.1 Cash on hand and at bank comprises:- | | | | |
| Implementing Agencies | <u>Cash at bank</u> | <u>Cash</u> on hand | <u>Total</u> | |
| US Dollar account | | | 3,049,800,677 | 3,132,876,140 |
| Main Birr account | | | 11,027,821 | 58,708,096 |
| Tigray National Regional State | 204,703,220 | - | 204,703,220 | 204,703,220 |
| Amhara National Regional State | 13,325,879 | 3 | 13,325,882 | 14,511,226 |
| Oromia National Regional State | 35,984,302 | 271 | 35,984,574 | 75,419,714 |
| Benishangul Gumuz National Regional State | 8,285,387 | 80,274 | 8,365,661 | 33,504,622 |
| Southern Nations Nationalities , and People Regional State | 890,031 | - | 890,031 | 28,056,842 |
| Afar National Regional State | 123,550 | - | 123,550 | 4,430,672 |
| Somali National Regional State | 972,051 | - | 972,051 | 5,385,169 |
| Gambela National Regional State | 1,727,605 | - | 1,727,605 | 1,910,258 |
| Harari National Regional State | 6,068 | - | 6,068 | 327,087 |
| Sidama National Regional State | 1,515,630 | - | 1,515,630 | 10,453,280 |
| South West Ethiopia National Regional State | 2,926,806 | - | 2,926,806 | 8,714,377 |
| Ministry of Education | 31,768,874 | - | 31,768,874 | 27,851,205 |
| Ministry of Finance -Administration | 795,000 | - | 795,000 | 795,000 |
| Addis Ababa City Administration | 493,853 | - | 493,853 | 12,087,453 |
| Dire Dawa City Administration | 3,137 | 400 | 3,537 | 9,285,653 |
| Addis Ababa University | 20 | - | 20 | 20 |
| Hawassa University | 8,740,780 | - | 8,740,780 | 8,740,780 |
| Mekele University | 3,895,666 | - | 3,895,666 | 3,895,666 |
| Haromaya University | 749 | - | 749 | 749 |
| Dilla University | 43,005 | 795 | 43,800 | 43,800 |
| Wollo University | 10,918 | - | 10,918 | 10,918 |
| Wollayita Sodo University | 233,503 | - | 233,503 | 233,503 |
| Woldiya University | 13,700 | - | 13,700 | 13,700 |
| Debre Markos University | 93,197 | - | 93,197 | 93,197 |
| Axum University | 200,698 | - | 200,698 | 200,698 |
| Adigrat University | 71,000 | - | 71,000 | 71,000 |
| Assosa University | 116,350 | - | 116,350 | 116,350 |
| Arsi University | <u>50,700</u> | <u>-</u> | <u>50,700</u> | <u>50,700</u> |
| | 3,377,820,175 | 81,744 | 3,377,901,919 | 3,642,491,096 |

MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM
FOR EQUITY FOR (GEQIP-E) PROGRAM FOR RESULTS (P for R) -P163050
NOTES TO THE FINANCIAL STATEMENTS (continued)

| 4. ADVANCES | Currency: Birr | |
|--|--------------------|----------------------------|
| | <u>Birr</u> | <u>2022</u> <u>Birr</u> |
| Amhara National Regional State | - | 45,245 |
| Oromiya National Regional State | 3,588,713 | 5,925,323 |
| Tigray National Regional State | 346,100 | 346,100 |
| Benishangul Gumuz National Regional State | 17,832,765 | 787,160 |
| Afar National Regional State | 835 | 400 |
| Gambela National Regional State | 193,417 | 858,349 |
| Sidama National Regional State | 716,673 | 618,695 |
| South West Ethiopia National Regional State | 1,085,027 | 817,207 |
| Southern Nations Nationalities and People Regional State | 472,023 | 472,019 |
| Dire Dawa City Administration | 15,349 | 18,349 |
| Ministry of Education | 226,005,133 | 362,439,540 |
| Hawassa University | 49,525 | 49,525 |
| Bahir Dar University | 3,085,248 | 3,085,248 |
| Mekele University | 330,500 | 330,500 |
| Gondar University | 39,598 | 39,598 |
| Adigrat University | 9,095 | 9,095 |
| Wolaita Sodo University | 607,825 | 607,825 |
| Debre Markos University | 6,923 | 6,923 |
| Medawelabu University | 11,050 | 11,050 |
| Jimma University | 9,700 | 9,700 |
| Debre Berhan University | 275,635 | 275,635 |
| | <u>254,681,133</u> | <u>376,753,486</u> |

MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM FOR EQUITY
FOR (GEQIP-E) PROGRAM FOR RESULTS (P for R) -P163050
NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PAYABLES

| | Currency: Birr | |
|---|-------------------|----------------------------|
| | <u>Birr</u> | <u>2022</u> <u>Birr</u> |
| Amhara National Regional State | 16,165 | 195,682 |
| Oromiya National Regional State | 1,697,334 | 6,827,299 |
| Tigray National Regional State | 21,359 | 21,359 |
| Benishangul Gumuz National Regional State | - | 11,890 |
| Afar National Regional State | 102,127 | - |
| Gambela National Regional State | 1,275,042 | 10,394 |
| Somali National Regional State | 905,184 | 5,294,550 |
| Sidama National Regional State | 421,260 | 11,675 |
| South West Ethiopia National Regional State | 1,352,000 | 583,419 |
| Southern Nations Nationalities and People Regional State | 164,131 | 481,263 |
| Harari National Regional State | 16,558 | 363,163 |
| Dire Dawa City Administration | - | 81,584 |
| Ministry of Education | 78,787,772 | 12,240,267 |
| Bahir Dar University | 3,900 | 3,900 |
| Axum University | 89,068 | 89,068 |
| Woldia University | 12,991 | 12,991 |
| Mizan Tepi University | 440,228 | 440,228 |
| | <u>85,305,119</u> | <u>26,668,732</u> |

MINISTRY OF FINANCE
 GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM FOR EQUITY
 FOR (GEQIP-E) PROGRAM FOR RESULTS (P for R) -P163050
 NOTES TO THE FINANCIAL STATEMENTS (continued)

6. FUND BALANCE

| | <u>Birr</u> | <u>2022</u> <u>Birr</u> |
|---|-----------------------------|-----------------------------|
| Balance at 8 July 2022 | 3,992,575,850 | 1,723,717,434 |
| Prior period adjustment | 305 | 52,276,738 |
| (Deficit)/Excess of Sources over Uses of funds of the current year | <u>(445,298,222)</u> | <u>2,216,581,678</u> |
| Balance,07 July 2023 | <u>3,547,277,933</u> | <u>3,992,575,850</u> |

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 (GEQIP -E) PROGRAM FOR RESULTS-P163050
IFR BASED WITHDRAWAL SCHEDULE
FOR APPLICATIONS SUBMITTED FROM 8 JULY 2022
TO 7 JULY 2023

Reference Number

| | <u>USD</u> | <u>Birr</u> |
|-------------------|----------------------|-------------------------|
| GEQIP-E P 4 R 12R | 15,879,237.06 | 854,036,182.65 |
| GEQIP-E P 4 R 13 | 15,750,000.00 | 847,085,400.00 |
| GEQIP-E P 4 R 14 | <u>22,776,967.00</u> | <u>1,225,323,382.91</u> |
| | <u>54,406,204.06</u> | <u>2,926,444,965.56</u> |

MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM FOR EQUITY
(GEQIP -E) PROGRAM FOR RESULTS (P FOR R) -P163050
RECONCILLATION OF THE SEMI ANNUALS OF 2023 INTERIM
FINANCIAL REPORTS (IFRS) WITH THE YEAR END STATEMENT
OF SOURCE AND USES OF FUNDS AND BALANCE SHEET

| | Currency: Birr | | |
|--|-----------------------------|------------------------------|--|
| | First Semi <u>Annual</u> | Second Semi <u>Annual</u> | Cumulative from 8 July 2019 to <u>7 July 2023</u> |
| Balance 8 July 2022 | | | 3,992,575,850 |
| SOURCES | | | |
| Collection during the year | | | |
| Cash transfer | - | 3,059,575,403 | 3,059,575,403 |
| Gain on foreign exchange | <u>59,562,493</u> | <u>50,203,962</u> | <u>109,766,455</u> |
| | <u>59,562,493</u> | <u>3,109,779,365</u> | <u>3,169,341,858</u> |
| EXPENDITURES | | | |
| Program expenditure | <u>1,148,051,020</u> | <u>2,466,589,060</u> | <u>3,614,640,080</u> |
| Prior periods correction | <u>(305)</u> | | <u>(305)</u> |
| | | | <u>3,614,639,775</u> |
| Excess /(Deficit) of current year source over expenditure | <u>(1,088,488,527)</u> | <u>643,190,305</u> | <u>(445,297,917)</u> |
| Balance, 7 July 2023 | | | <u>3,547,277,933</u> |
| Cash at bank | | | 3,377,820,175 |
| Cash on hand | | | 81,744 |
| Advances | | | 254,681,133 |
| Payables | | | <u>(85,305,119)</u> |
| Accumulated fund balance, 7 July 2023 | | | <u>3,547,277,933</u> |