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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 2024



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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 D2620 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 2024, 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 2024 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code).

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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;
- 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;

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- the funds disbursed covered expenditures that are eligible for financing under IDA Grant number D2620ET ,additional financing for refugee integration IDA D8080, 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 2024 and listed on page 13, 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 D2620ET ,IDA D8080, MDTF Grant Number TFB5501, and GPE TFB5137;

AUDIT SERVICE CORPORATION

Date: 31 December 2024

MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT
PROGRAM FOR EQUITY
INVESTMENT PROJECT FINANCING
BALANCE SHEET
AS AT 07 JULY 2024

	Notes	2024	2023
		<u>Birr</u>	<u>Birr</u>
CURRENT ASSETS			
Cash	3	172,772,219	527,984,647
Advance	4	<u>144,569,121</u>	<u>402,261,390</u>
Total Current Assets		317,341,340	930,246,037
CURRENT LIABILITIES			
Payable	5	<u>13,064,514</u>	<u>7,065,385</u>
NET CURRENT ASSET		<u>304,276,826</u>	<u>923,180,652</u>
REPRESENTED BY FUND BALANCE	6	<u>304,276,826</u>	<u>923,180,652</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 2023 TO 07 JULY 2024

IPF		<u>Cumulative for</u>	
		<u>the period from</u>	
		<u>8 March 2018</u>	-
	<u>7 July 2024</u>	<u>to 7 July 2024</u>	<u>7 July 2023</u>
	<u>Birr</u>	<u>Birr</u>	<u>Birr</u>
SOURCES			
IDA credit and grant	5,872,695.84	427,930,654.84	115,560,639
MDTF/GPE/ GPE	-	263,961,514	263,961,514
	(4,811,343.53)	414,616,142.47	419,427,486
MOF Treasury	-	120,229,636	-
IDA D8080 Grant	(3,664,988.20)	-3,664,988.20	-
Gain on exchange rate	<u>11,384,164.52</u>	<u>40,326,604.52</u>	<u>7,223,534</u>
	8,780,528.63	1,263,399,563.63	806,173,173
USES			
National policy framework for primary Education	-	539,325	-
Strategy for resorting education services in response to disaster	-	592,975	-
Information Communication Technology for Education	-	3,818,697	3,103,046
Establishment of National Refugee Integration Unit	16,568,226	17,768,599	1,200,376
Establishment of National and reintegration Unit	42,869,283.17	43,296,283.17	427,000
Capacity building for refugee	11,603,246	19,832,187.00	8,228,940
Program management	250,937,702.14	486,817,076.14	93,359,238
Program Evaluation	<u>305,705,897.18</u>	<u>386,540,089.18</u>	<u>74,451,930</u>
	<u>627,684,354.49</u>	<u>959,205,231.49</u>	<u>180,770,531</u>
EXCESS OF SOURCES OVER USES	(618,903,825.86)	304,194,332.14	625,402,642
Prior Year adjustment(SNNP), 07 July 2022	-	<u>82,494.00</u>	-
Fund Balance, 07 July 2024	(618,903,826)	304,276,826	625,402,642

<u>MINISTRY OF FINANCE</u>			
<u>GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM</u>			
<u>FOR EQUITY (GEQIP-E) INVESTMENT PROJECT FINANCING</u>			
<u>IDA GRANT NUMBER D2620,IDA D8080,MDTF TFB5501 & GPE TFB 5137</u>			
<u>USD DESIGNATED ACCOUNT STATEMENT</u>			
<u>FOR THE YEAR ENDED 07 JULY 2024</u>			
For the Year ended	07 July 2024		
Account number	0100101300561		
Depository Bank	National Bank of Ethiopia		
Address	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 08 July 2023		6,507,360	355,541,981
Add: Fund received during the year		-	-
IDA Grant		-	-
MDTF/GPE/		-	-
GPE		=	=
Total Fund Available		6,507,360	355,541,981
Less:			
Transfer to Pool Birr account		<u>4,266,000</u>	<u>238,336,353.80</u>
		2,241,360	117,205,627.20
Gain on foreign exchange		=	<u>11,381,423.72</u>
Balance, 07 July 2024		<u>2,241,360</u>	<u>128,587,050.78</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 D2620ET and IDA 8080, 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	08 October 2025
Multi Donors Trust Fund TFB5501	25 July 2024	25 November 2024
Global Partnership for Education, GPE TFB5137	08 April 2025	08 October 2025

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	2024			2023
	Cash at bank	Cash on hand	Total	
Implementing Agencies				
Pooled grant and credit special account	146,021,969.66	-	146,021,969.66	358,213,543
Tigray National Regional State	2,248,599.47	-	2,248,599.47	8,643,907
Amhara National Regional State	843,886.24	-	843,886.24	10,897,971
Oromia National Regional State	1,259,504.29	-	1,259,504.29	1,011,506
Benishangul Gumuz National Regional State	1,561,333.10	3,090.70	1,564,423.80	12,716,500
Southern Nations Nationalities , and People Regional State	863.46	-	863.46	1,164,604
South Ethiopia	117,527.58	-	117,527.58	-
Afar National Regional State	-	-	-	4,903,186
Somali National Regional State	326,339.71	-	326,339.71	7,847,692
Gambela National Regional State	2,680,483.71	877,088.93	3,557,572.64	10,600,573
Harari National Regional State	4,706.98	-	4,706.98	340,901
Sidama National Regional State	276,944.78	-	276,944.78	266,862
South West Ethiopia National Regional State	180,913.89	-	180,913.89	832,198
Ministry of Education	8,576,453.89	-	8,576,453.89	100,635,787
Ministry of Finance -Administration	3,133,977.14	29,847.28	3,163,824.42	3,999,378
Addis Ababa City Administration	2,497,597.00	-	2,497,597.00	2,536,025
Dire Dawa City Administration	256,367.76	-	256,367.76	874,012
Central Ethiopia	1,874,723.85	-	1,874,723.85	-
Refugee returns service	-	-	-	2,500,000
	<u>171,862,192.51</u>	<u>910,026.91</u>	<u>172,772,219.42</u>	<u>527,984,647</u>

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

4. ADVANCES	<u>2024</u>	<u>2023</u>
	<u>Birr</u>	<u>Birr</u>
Tigray National Regional State	9,273	324,972
Amhara National Regional State	394	
Benishangul Gumuz National Regional State	2,481,719	817
Afar National Regional State	10.00	10
Gambella National Regional State	2,156,472	2,158,000
Harari National Regional State		-
Sidama National Regional State	69,843	582,691
South West Ethiopia National Regional State	1,006,975	761,334
South Ethiopia Region	61,621	
Central Ethiopia Region	35,805	
Southern Nations Nationalities and People Regional State	-	58
Dire Dawa City Administration	-	-
Addis Ababa City Administration	20,971	10,147
Ministry of Education	<u>138,726,037</u>	<u>398,423,361</u>
	<u>144,569,120</u>	<u>402,261,390</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	<u>2024</u>	<u>2023</u>
	<u>Birr</u>	<u>Birr</u>
Amhara National Regional State	41,039	5,850
Oromiya National Regional State	45,309	137,798
Tigray National Regional State	340,391	487,902
Benishangul Gumuz National Regional State	9,293	4,281,722
Afar National Regional State	-	808,364
Gambela National Regional State	13,879	65,686
Sidama National Regional State	-	8,642
South West Ethiopia National Regional State	801,321	20,723
South Ethiopia Region	198,914	
Southern Nations Nationalities and People Regional State	-	10,769
Central Ethiopia Region	980,261	
Harari National Regional State		-
Dire Dawa City Administration	9,793	-
Addis Ababa City Administration	52,750	9,543
Ministry of Education	10,561,347	733,969
Ministry of Finance-Administration	<u>10,217</u>	<u>494,417</u>
	<u>13,064,514</u>	<u>7,065,385</u>

6. FUND BALANCE	<u>2024</u>	<u>2023</u>
	<u>Birr</u>	<u>Birr</u>
Balance, 08 July 2023	923,180,652	297,778,010
Excess of Sources over Uses of funds of the current year	(618,903,825.86)	625,402,642
Balance, 07 July 2024	<u>304,276,826</u>	<u>923,180,652</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 31 December 2024.

MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT
PROGRAM FOR EQUITY
INVESTEMENT PROJECT FINANCING
IFR BASED WITHDRAWAL SCHEDULE FOR
APPLICATIONS SUBMITTED FROM 0 8 JULY 2023 TO 07 JULY 2024

<u>World Bank Transaction Number</u>	<u>Reference Number</u>	<u>Amount requested</u> USD	<u>Amount disbursed</u> USD	<u>Equivalent In Birr</u>
0037	GEQIP-E IPF DP01	103,050.00	103,050.00	5,872,695.84

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 THE YEAR ENDED 07 JULY 2024

INTERIM FINANCIAL REPORTS (IFRS) WITH THE YEAR END STATEMENT

OF SOURCES AND USES OF FUNDS AND BALANCE SHEET

					Cumulative
					08-Jul-18
	1st	2nd	3rd	4th	to
	Quarter	Quarter	Quarter	Quarter	07-Jul-24
Balance, 08 July 2023					<u>923,180,652</u>
SOURCES					
Cash transfer	-		(7,333,016)	4,729,380	(2,603,637)
Gain on foreign exchange	<u>4,327,551</u>	<u>3,608,942</u>	<u>1,954,702</u>	<u>1,492,970</u>	<u>11,384,165</u>
	<u>4,327,551</u>	<u>3,608,942</u>	<u>(5,378,314)</u>	<u>6,222,350</u>	<u>8,780,528</u>
USES					
Program expenditures	<u>80,014,876</u>	<u>92,498,310</u>	<u>182,777,386</u>	<u>272,393,782</u>	<u>627,684,354</u>
Excess of Sources over uses	<u>(75,687,325)</u>	<u>(88,889,368)</u>	<u>(188,155,700)</u>	<u>(266,171,432)</u>	<u>(618,903,826)</u>
Fund Balance, 07 July 2024					<u>304,276,826</u>
Cash at bank					171,862,193
Cash on hand					910,027
Advances					144,569,120
Payables					(13,064,514)
Fund Balance, 07 July 2024					<u>304,276,826</u>