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Federal Democratic Republic of Ethiopia
Office of the Federal Auditor General



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TIME



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VALUE



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EFFICIENCY

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Ref No: Ofag 3.8/350
ቀን
Date: 16/06/2025

Ministry of Finance

Addis Ababa

Re: Submission of the 2016 EFY HCO-P4R Annual audit report

It is to be recalled that the Ethiopian Government and the Development Partners (including IDA) have reached an agreement regarding the annual audit of Human Capital Operation (HCO-P4R) program annual audit to be carried out and a summarized audit report to be submitted to MoF by the Office of the Federal Auditor General.

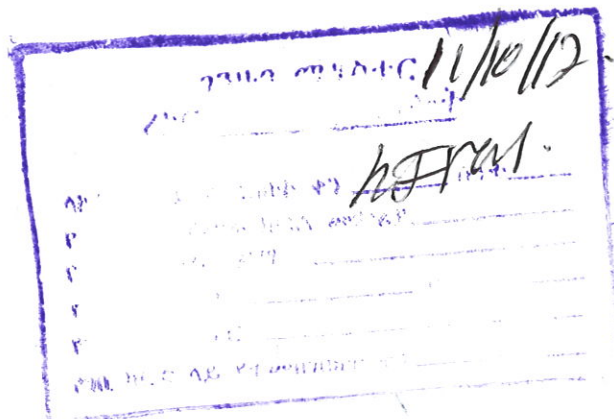
We have, therefore, attached here with 8 pages of the 2016 EFY HCO-P4R Annual audit report.

We welcome any enquiries on the audit report.



Sincerely yours

Meseret Damtie
Meseret Damtie
Auditor General



INDEPENDENT AUDITOR'S REPORT ON THE PROJECT FINANCIAL STATEMENTS
OF THE MINISTRY OF FINANCE OF THE FEDERAL DEMOCRATIC REPUBLIC OF
ETHIOPIA, HUMAN CAPITAL OPERATION-Program for Results (PforR).

We have audited the accompanying Operation Financial Statements of Ethiopian human capital operation component of the Ministry of Finance of the Federal Democratic Republic of Ethiopia for the year ended 7 July 2024, which has been financed by IDA Financing agreements IDA 206-ET.

The preparation of the Project Financial Statements (PFSs) is the responsibility of the Ministry of Finance. This audit is a special purpose audit for Ethiopian Human Capital Operation-Program for Results (PforR) whose terms of reference are those given in the Terms of Reference for the Ethiopian human capital operation-Program for Results. These Terms of Reference include, inter alia, our responsibility to express an opinion on the Project Financial Statements based on our audit and report on material inappropriate expenditure and other pertinent matters.

We conducted our audit in accordance with the International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants with special reference to ISA 800 and the World Bank relevant Guidelines for the World Bank financed projects.

These Standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

Our audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the Project /human capital operation/ Financial Statements present fairly, in all material respects, the financial position as at 7 July 2024 and the cash receipts for the year then ended of the Ethiopian Human Capital Operation



/HCO/ of the Ministry of Finance of the Government of the Federal Democratic Republic of Ethiopia which were prepared on a modified cash basis and in accordance with the accounting policy of the Government of the Federal Democratic Republic of Ethiopia. In addition, in our opinion, in all material respects:

- The financial report issued is in agreement with the underlying books of accounts.
- Designated Accounts have been maintained in accordance with the provisions of the relevant financing agreements.



MINISTRY OF FINANCE
GOVERNMENT OF FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
HUMAN CAPITAL OPERATION /HCO/ STATEMENT OF SOURCES AND USES OF
FUNDS FOR THE YEAR ENDED 7, JULY 2024

		For the year ended 7 July 2024 Birr
	<u>Note</u>	
Opening Balance:		-
From IDA 206-ET		2,297,215,950.84
TF OC1474		-
Sub Total Financing		2,297,215,950.84
Contribution by Ethiopian Govt.		-
Gain on foreign Exchange		7,036,855.29
Total Financing		2,304,252,806.13
HCO-PforR Expenditure		-

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MINISTRY OF FINANCE

GOVERNMENT OF FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

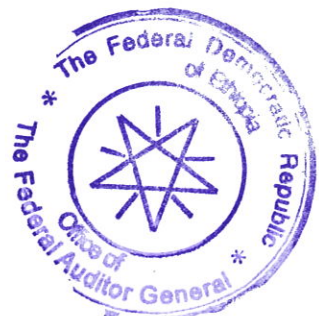
HUMAN CAPITAL OPERATION /HCO/

DESIGNATED ACCOUNTS STATEMENT

For the year ended		7 JULY 2024
Account Number		010010/1300615
Depository Bank		NBE
Address		Addis Ababa, Ethiopia
Currency		USD
	<u>Amount in USD</u>	<u>Amount in Birr</u>
OPENING BALANCE	-	-
Fund Received From:		
IDA206-ET	40,164,699.14	2,297,215,650.84
TFA7523	-	-
TF B8723	-	-
Total	<u>40,164,699.14</u>	<u>2,297,215,950.84</u>
Deducted -Transfer to:-		
Government Treasury account-Birr	-	-
Government Treasury account-USD	-	-
Bank Service Charge	-	-
Closing balance	40,164,699.14	2,297,215,950.84
Gain on foreign exchange	-	7,036,855.29
ENDING BALANCE-7 JULY 2024	<u>40,164,699.14</u>	<u>2,304,252,806.13</u>

Note: The closing exchange rate used for ending balance is 1 USD = 57.3701

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MINISTRY OF FINANCE
GOVERNMENT OF THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA HUMAN
CAPITAL OPERATION (HCO)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 7, JULY 2024

Expenditure of ESPES-P4R

Education	-
Health (including HIV/AIDS)	-
Agriculture and Natural Resources	-
Water Supply and Sanitation	-
Rural Road	-
Total	-

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MINISTRY OF FINANCE, GOVERNMENT OF THE FEDERAL DEMOCRATIC
REPUBLIC OF ETHIOPIA HUMAN CAPITAL OPERATION NOTES TO THE
PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED 7, JULY 2024

1. BACKGROUND

The objective of the Operation is to improve learning outcomes and nutrition services for girls and boys, and to strengthen service delivery and accountability, in all regions including areas affected by conflict, droughts and high levels of refugees.

The Program consists of the part of the Recipient's system for the delivery of basic services in education, health, agriculture and water and sanitation in Woredas with a particular focus on areas affected the most by conflicts and droughts as well as refugee-hosting communities. The Program activities are designed to: (1) strengthen basic service delivery systems to mitigate the impact of the crises (including conflict, droughts and high levels of refugees) on access and quality of basic services nationally through investment in health, education, agriculture and water and sanitation; and (2) improve learning outcomes and address stunting in selected Woredas.

The Program is supported by the federal government through intergovernmental fiscal transfers to Woredas in form of: (1) general purpose grants ("GPGs") to Woredas for strengthening nutrition and learning outcomes nationally; and (2) specific purpose grants ("SPGs") to selected Woredas for piloting a range of multi sectorial and innovative interventions and investments to improve human capital outcomes as well as strengthen community resilience (including refugee-hosting areas) to various crises ("SPG Woredas").

The GPGs and SPGs support Program activities which are relevant to the achievement of a specific set of agreed results. The key results sought to be achieved are



Disbursement Linked Indicators ("DLIs") numbers 1 to 8 which correspond to the Disbursement Linked Results ("DLRs").

The Project will finance a package of interventions designed to improve human capital outcomes with a particular focus on areas affected by conflict, droughts, and high levels of refugees, and to provide technical assistance and capacity building support for strengthening systems and delivery of quality services, all through the financing of goods, consulting services, non-consulting services, Training and Operating Costs.

2. SIGNIFICANT ACCOUNTING POLICIES

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

a) BASIS OF PREPARATION:

- i) These Financial Statements have been prepared based on a modified cash basis in accordance with the accounting policy of the Government of the Federal Democratic Republic of Ethiopia.
- ii) The Operation Financial Statement of the Project for reporting consolidated transactions.

b) CURRENCY:

These financial statements are presented in birr. Transactions in foreign currency are converted into birr at the approximate rate of exchange prevailing at the date of the transaction.

As there was no expenditure of the program for the period under audit, there were no findings and recommendations included in this report.



ACKNOWLEDGEMENT

Finally, we would like to express our appreciation to the management and staff of all auditee (Ministry of Finance) for the assistance and cooperation extended to us during the course of the audit.

We would be pleased to provide any further explanations that could be deemed necessary.

