



የሂሳብ ምርመራ አገልግሎት ኮርፖሬሽን

AUDIT SERVICE CORPORATION

THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

MINISTRY OF WATER AND ENERGY

ETHIOPIAN FLOOD MANAGEMENT PROJECT (P176327)

IDA GRANT AGREEMENT NUMBER E1240

INDEPENDENT AUDITOR'S REPORT

AND

FINANCIAL STATEMENTS

07 JULY 2025

**INDEPENDENT AUDITOR'S REPORT  
ON THE FINANCIAL STATEMENTS OF  
MINISTRY OF WATER AND ENERGY  
ETHIOPIAN FLOOD MANAGEMENT PROJECT (P176327)  
IDA GRANT AGREEMENT NUMBER E1240**

**Opinion**

We have audited the financial statements of Ethiopian Flood Management Project, which comprise the balance sheet as at 07 July 2025 and the statement of sources and uses of funds for the period from 08 June 2024 to 07 July 2205, 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 Ethiopian Flood Management Project as at 07 July 2024, and its statement of sources and uses of funds for the period from 08 June 2024 to 07 July 2205 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 Water and Energy 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).

*ASC*

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 Water and Energy 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 management 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**

Our responsibility is to express an opinion on these financial statements based on our audit. 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**

In our opinion,

- a) during the year all the external funds have been used in accordance with the conditions of the relevant financing agreement and only for the purposes for which the financing was provided;
- b) goods, works and services financed have been provided in accordance with the relevant financing agreement and disbursement letters;
- c) all necessary supporting documents, records and accounts have been maintained in respect of all Project activities;

ASC

- d) the 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 agreements;
- e) the funds disbursed covered expenditures that are eligible for financing under IDA grant No. E1240.
- f) there was a clear linkage between the books of account and the financial statements;
- g) Assets procured from project funds exist and there is verifiable ownership by the implementing agency and beneficiaries.
- h) Our examination revealed no major weaknesses or irregularities in the system of internal control over financial expenditures.

AUDIT SERVICE CORPORATION

Date: 09 January 2026

MINISTRY OF WATER AND ENERGY  
 ETHIOPIAN FLOOD MANAGEMENT PROJECT (P176327)  
 BALANCE SHEET  
 AS AT 07 JULY 2025

CURRENT ASSETS	Notes	<u>2025</u> <u>Birr</u>	<u>2024</u> <u>Birr</u>
Cash at bank	3	2,860,227,801	164,827,125
Advance		<u>457,079,095</u>	<u>825,442</u>
		<b><u>3,317,306,896</u></b>	<b><u>165,652,567</u></b>
<b>CURRENT LIABILITIES</b>			
Staff Payable (MOWE)		21,412	3,326
Taxes payable	4	18,690,161	54,547
Pension Payable		10,742	25,342
Retention payable		<u>12,191,907</u>	<u>-</u>
		<b><u>30,914,222</u></b>	<b><u>83,215</u></b>
<b>NET ASSETS</b>		<b><u>3,286,392,674</u></b>	<b><u>165,569,352</u></b>
<b>REPRESENTED BY</b>			
<b>FUND BALANCE</b>	5	<b><u>3,286,392,674</u></b>	<b><u>165,569,352</u></b>

MINISTRY OF WATER AND ENERGY  
 ETHIOPIAN FLOOD MANAGEMENT PROJECT (P176327)  
 STATEMENT OF SOURCES AND USES OF FUNDS  
 FOR THE PERIOD 08 JUNE 2024 TO 07 JULY 2025

	Notes	2025 Birr	Cumulative 14 April 2023 to 07 July 2025 Birr	2024 Birr
<b>SOURCES</b>				
IDA-Initial deposit		-	75,973,466	75,973,466
Deposit		3,010,598,740	3,125,306,740	114,708,000
Gain on foreign exchange		<u>797,998,421</u>	<u>800,769,393</u>	<u>2,770,972</u>
		<b><u>3,808,597,161</u></b>	<b><u>4,002,049,599</u></b>	<b><u>193,452,438</u></b>
<b>USES</b>				
Works and Goods		565,540,309	573,083,426	7,543,117
Consultants' service		28,094,269	31,686,425	3,592,156
Training		35,938,265	46,340,230	10,401,965
Operating costs		<u>58,200,996</u>	<u>64,546,844</u>	<u>6,345,848</u>
		<b>687,773,840</b>	<b>715,656,925</b>	<b>27,883,086</b>
<b>EXCESS OF SOURCES OVER USES</b>	<b>5</b>	<b><u>3,120,823,322</u></b>	<b><u>3,286,392,674</u></b>	<b><u>165,569,352</u></b>

**MINISTRY OF WATER AND ENERGY  
ETHIOPIAN FLOOD MANAGEMENT PROJECT (P176327)  
DESIGNATED ACCOUNT STATEMENT**

For the year ended 7/7/2025

Account No. 0100151300180  
Bank Name National Bank of Ethiopia  
Address Addis Ababa, Ethiopia  
Currency: USD

	RATE	USD	Birr Equivalent
BBF from 7 July 2024		2,000,074.56	114,744,477.51
Add: fund transferred from IDA			
1st transfer	93.1206	20,000,000.00	1,862,412,000.00
2nd Transfer	125.678	419,741.44	52,752,264.70
3rd Transfer	129.3755	<u>8,328,991.00</u>	1,077,567,375.12
Sub total		<u>28,748,732.44</u>	<u>2,992,731,639.82</u>
Available fund		30,748,807.00	3,107,476,117.33
Less: transfer to local account			
1st Transfer	57.3919	1,980,000.00	113,635,962.00
Bank service charge	57.3919	19,800.00	1,136,359.62
2nd Transfer	116.9661	5,000,000.00	584,830,500.00
Bank service charge	116.9661	50,000.00	5,848,305.00
3rd Transfer	134.127	2,500,000.00	335,317,500.00
Bank service charge	134.127	25,000.00	3,353,175.00
Bank service charge	123.9669	2.42	300.00
LC transfer	125.383	124,762.79	15,643,132.90
LC transfer	127.3395	587,394.14	74,798,476.09
LC transfer	128.7268	4,714.51	606,883.79
LC transfer	129.9114	15,106.89	1,962,557.23
LC transfer	129.9114	38,758.62	5,035,186.59
LC transfer	133.8203	30,347.27	4,061,080.78
LC transfer	133.8203	17,407.54	2,329,482.23
LC transfer	134.7245	160,202.97	21,583,265.03
LC transfer	135.3503	16,492.96	2,232,327.08
LC transfer	135.2993	2,914.04	394,267.56
LC transfer	134.68	9,521.60	1,282,369.09
Total Less		<u>10,582,425.75</u>	<u>1,174,051,129.97</u>
		20,166,381.25	1,933,424,987.35
Add: Gain on Foreign Currency		-	797,998,421.25
Ending balance as of Jul 7/2025		20,166,381.25	2,731,423,408.60

**MINISTRY OF WATER AND ENERGY  
ETHIOPIAN FLOOD MANAGEMENT PROJECT (P176327)  
NOTES TO THE FINANCIAL STATEMENTS**

**1. PROGRAM INFORMATION**

The Project is granted by the International Development Association IDA with a Project cost estimated at United States Dollar (USD) 200,000,000.

The objective of the Project is to strengthen Ethiopia's institutional capacity for disaster risk management, and flood risk management in selected basins and implementers.

The Project became operational on 14-Apr-2023.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted by the Fund are stated below.

a) Basis of preparation

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

b) Currency

These financial statements are prepared and presented in Birr. Transactions in foreign currencies are translated into Birr at the approximate rates of exchange prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated into Birr at the exchange rates ruling at the dates of the balance sheet.

**3. Cash at bank**

	<b><u>2025</u></b>
	<b><u>Birr</u></b>
National Bank of Ethiopia-A/C NO. 010015300180	2,731,423,409
Commercial Bank of Ethiopia Birr Account A/C NO. 0100151040397	102,589,839
Commercial Bank of Ethiopia Birr Account( EDRMC)	10,471,103
Commercial Bank of Ethiopia Birr Account (EMI)	15,535,237
Commercial Bank of Ethiopia (ABAO)	10,870
Commercial Bank of Ethiopia Birr Account (RVBAO)	<u>197,343</u>
	<b><u>2,860,227,801</u></b>

MINISTRY OF WATER AND ENERGY  
ETHIOPIAN FLOOD MANAGEMENT PROJECT (P176327)  
NOTES TO THE FINANCIAL STATEMENTS

<b>4. Tax payable</b>	<b><u>2025</u></b>
	<b><u>Birr</u></b>
Income tax payable	67,314
VAT payable	18,454,805
WHT payable	<u>168,042</u>
	<b><u>18,690,161</u></b>

<b>5. Accumulated Fund Balance</b>	<b><u>Birr</u></b>
Beginning Balance, 08 July 2024	165,569,352
Excess of Sources over Uses for the year	<u>3,120,823,322</u>
Balance ,07 July 2025	<b><u>3,286,392,674</u></b>

**6. DATE OF AUTHORIZATION**

The Minister of Ministry of Water and Energy authorized the issue of the financial statements on 09 January 2026.