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AUDIT SERVICES CORPORATION

MINISTRY OF WATER AND ENERGY

ETHIOPIAN FLOOD MANAGEMENT PROJECT (P176327)

IDA GRANT AGREEMENT NUMBER E1240

INDEPENDENT AUDITOR'S REPORT

AND

FINANCIAL STATEMENTS

7 JULY 2024

ASC.

PUBLIC ACCOUNTABILITY | SHARED GROWTH

INDEPENDENT AUDITOR'S REPORT TO MINISTRY OF WATER & ENERGY

We have audited the financial statements of Ministry of Water and Energy, Ethiopia Flood Management Project, financed under IDA Grant No. E1240 which comprises the balance sheet as at 7 July 2024 and the statement of sources and uses of funds and designated account statement for the period then ended and a summary of significant accounting policies and other explanatory information.

Project management's Responsibility for the Financial Statements

The Project Management of Ethiopian Flood Management Project is responsible for the preparation of financial statements that give a true and fair view in accordance with the modified cash basis of accounting described in note 2 to the financial statements 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

ASC

INDEPENDENT AUDITOR'S REPORT TO THE MINISTRY OF WATER & ENERGY (continued)

Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, the financial position of Ministry of Water and Energy Ethiopian Flood Management Project financed under IDA Grant No. E1240 as at 7 July 2024 and of its sources and uses of funds for the period then ended in accordance with the modified cash basis of accounting.

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;

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 and there is verifiable ownership by the implementing agency and beneficiaries).

Audit Services Corporation

2 January 2025

ASC.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF MINISTRY OF WATER AND ENERGY ETHIOPIAN FLOOD MANAGEMENT PROJECT (P176327) IDA GRANT AGREEMENT NUMBER E1240 BALANCE SHEET AS AT 7 JULY 2024

	NOTES	2024 Ethiopian Birr
ASSETS		
CURRENT ASSETS		
Cash and bank balances	3	164,827,125
Receivables		825,442
		165,652,567
CURRENT LIABILITIES		
Staff Payable (MOWE)		3,326
Taxes payable	4	54,547
Pension Payables		25,342
		83,215
NET ASSETS		**165,569,352**
REPRESENTED BY		
FUND BALANCE	5	**165,569,352**

The notes on pages 6 and 7 form an integral part of these financial statements.

ETHIOPIAN FLOOD MANAGEMENT PROJECT (P176327)
IDA GRANT AGREEMENT NUMBER E1240
STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE PERIOD FROM 9 APRIL 2023 TO 7 JULY 2024

	NOTE	2024 Ethiopian Birr
SOURCES		
IDA-Initial deposit		75,973,466
Deposit		114,708,000
Gain on foreign exchange		2,770,972
		193,452,438
USES		
Works and Goods		7,543,117
Consultants' service		3,592,156
Training		10,401,965
Operating costs		6,345,848
TOTAL		**27,883,086**
EXCESS OF SOURCES OVER USES	**5**	**165,569,352**

The notes on pages 6 and 7 form an integral part of these financial statements.

ASC.

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

For year ended	7 July 2024
Account number	0100151300180
Depository bank	National Bank of Ethiopia
Address	Addis Ababa, Ethiopia
Currency	USD

	RATE	USD	Equivalent in Ethiopian Birr
Beginning balance 9 April 2023	54.4956	1,394,121.10	75,973,466
Less –Withdrawal	54.5773	(394,121.10)	(21,510,066)
Less- Service Charge	54.5773	(3,941.21)	(215,101)
7 July 2023		996,058.79	54,248,299
Add - Transfer to Birr account	57.3540	2,000,000.00	114,708,000
Sub total		2,996,058.79	168,956,299
Deduct: - Withdrawal	56.8903	(240,000.00)	(13,653,672)
Withdrawal	57.3162	(746,123.00)	(42,764,935)
		(986,123.00)	(56,418,607)
Sub total			
Deduct:- Service charge	56.8903	(2,400.00)	(136,537)
	57.3162	(7,461.23)	(427,649)
		(9,861.23)	(564,186)
		2,000,074.56	111,973,506
Gain /Loss on exchange			2,770,972
Ending balance 7 July 2024	57.3701	**2,000,074.56**	**114,744,478**

The notes on pages 6 and 7 form an integral part of these financial statements.

MINISTRY OF WATER & ENERGY
ETHIOPIAN FLOOD MANAGEMENT PROJECT (P176327)
IDA GRANT NO.E1240
NOTES TO THE FINANCIAL STATEMENTS

1 PROJECT 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

a) Basis of preparation

The financial statements have been prepared on a modified cash basis.

b) Currency

The financial statements are prepared and presented in Birr. Transactions in foreign currency are translated into Birr at the approximate rate of exchange prevailing at the date of the transaction. Cash balances denominated in foreign currencies are translated into Birr at the exchange rates ruling at the balance sheet date.

3. BANK BALANCES

	2024 **Ethiopian Birr**
National Bank of Ethiopia- A/C NO. 010015300180	114,744,478
Commercial Bank of Ethiopia Birr Account A/C NO. 0100151040397	45,739,615
Commercial Bank of Ethiopia Birr Account (EDRMC)	4,342,977
Commercial Bank of Ethiopia Birr Account (EMI)	55
	164,827,125

4. TAXES PAYABLE

	2024
	Ethiopian Birr
Income tax payable (EDRMC)	43,276
VAT payable (EDRMC)	8,898
WHT payable (EDRMC)	2,373
	54,547

5. ACCUMULATE FUND

Beginning Balance	-
Excess of Sources over Uses for the year	165,569,352
Balance at 7 July 2024	**165,569,352**

6. DATE OF AUTHORIZATION

The Water Resource Management State Minister of Ministry of Water and Energy authorized the issue of the financial statements on 2 January 2025.