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AUDIT SERVICES
CORPORATION

MINISTRY OF FINANCE
ONE WASH NATIONAL PROGRAM-PHASE II
IDA CREDIT NUMBER 6445-ET, DFID GRANT No.30237,
KOICA GRANT AND UNICEF GRANT
MANAGEMENT LETTER
FOR THE PERIOD ENDED 29 AUGUST 2019 TO 7 JULY 2020



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The Federal Democratic Republic of Ethiopia Audit Services Corporation

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA MINISTRY OF FINANCE ONE WASH NATIONAL PROGRAM PHASE II

We have audited the accompanying financial statements of One WASH National Program - PHASE II of the Federal Democratic Republic of Ethiopia, Ministry of Finance, financed under IDA Credit No 6445, DFID Grant No 30237, KOICA Grant and UNICEF Grant, which comprise the balance sheet as at 7 July 2020, and the statement of sources and uses of funds and the designated account statements for the year then ended and a summary of significant accounting policies and other explanatory information.

Responsibility for the Financial Statements

The Ministry of Finance 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 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.

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**INDEPENDENT AUDITOR'S REPORT ON THE
FINANCIAL STATEMENTS OF
THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
MINISTRY OF FINANCE
ONE WASH NATIONAL PROGRAM PHASE II(continued)**

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

Opinion

In our opinion the financial statements give a true and fair view of the financial position of One WASH National Program PHASE II of the Federal Democratic Republic of Ethiopia, Ministry of Finance, Financed under IDA Credit No 6445, DFID Grant No.30237, KOICA Grant and UNICEF Grant as at 7 July 2020 and of 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.

Reports on other requirements

As required by the Loan and Grant Agreements, we report that, to the extent we can assess:

- during the year all project funds have been used in accordance with the conditions of the relevant financing agreements and only for the purposes for which the financing were provided;
- counter-part funds have been provided and used in accordance with the financing agreement and only for the purposes for which the financing was provided;
- goods, works and services financed have been provided in accordance with the relevant financing agreements and disbursement letters;
- all necessary supporting documents, records and accounts have been maintained in respect of all Project's activities;
- the funds disbursed covered expenditures that are eligible for financing under IDA Credit No.6445, DFID Grant No. 30237, KOICA Grant and UNICEF Grant;
- there was a clear linkage between the books of accounts and the financial statements;
- our examination revealed no weaknesses or irregularities in the systems of internal controls over financial expenditure other than those mentioned in the management letter;

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INDEPENDENT AUDITOR'S REPORT ON THE
FINANCIAL STATEMENTS OF
THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
MINISTRY OF FINANCE
ONE WASH NATIONAL PROGRAM PHASE II(continued)

Reports on other requirements (continued)

- designated accounts have been maintained in accordance with the provisions of the financing agreements and funds disbursed out of the said accounts were used only for the purpose intended in the financing agreement; and
- with respect to IFR based withdrawal applications submitted during the year ended 7 July 2020 and listed on page 16, in our opinion:
 - a) the reports 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 the expenditures incurred; and said expenditures are eligible for financing under IDA Credit No.6445, DFID Grant No. 30237, KOICA Grant and UNICEF Grant; and
 - c) Ineligible expenditures which were identified had been reimbursed either to the Designated Accounts and or the donor partners.

Audit Services Corporation

8 January 2021



**MINISTRY OF FINANCE
ONE WASH NATIONAL PROGRAM (OWNP) PHASE II
BALANCE SHEET
AS AT 7 JULY 2020**

**2020
Notes Ethiopian Birr**

ASSETS

CURRENT ASSETS

Debtors	3	34,334,172
Cash and bank balances	4	<u>1,340,472,415</u>
		<u>1,374,806,587</u>

Current Liabilities

Creditors	5	<u>10,464,606</u>
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NET CURRENT ASSETS

1,364,341,981

REPRESENTED BY

Accumulated Fund **1,364,341,981**



**MINISTRY OF FINANCE
ONE WASH NATIONAL PROGRAM(OWNP) PHASE II
STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE PERIOD ENDED 29 AUGUST 2019 TO 7 JULY 2020**

	Note	Ethiopian Birr
FINANCING		
Credit from IDA		532,245,463
DFID Assistance		785,842,000
UNICEF Assistance		32,865,850
KOICA Assistance		29,146,800
Community contribution		59,454,190
Gain on foreign exchange	6	<u>78,459,665</u>
		<u>1,518,013,968</u>
PROJECT EXPENDITURE		
Works		65,332,927
Goods		7,126,463
Consultancy services		22,585,440
Training		21,250,809
Operating costs		<u>37,376,348</u>
		<u>153,671,987</u>
EXCESS OF FINANCING OVER EXPENDITURE OVER EXPENDITURE		<u>1,364,341,981</u>



**MINISTRY OF FINANCE
ONE WASH NATIONAL PROGRAM (OWNP) PHA
DESIGNATED ACCOUNT STATEMENT**

For the period ended From 29 August 2019 to 7 July 2020
Account number 01001013/00580
Depository bank National Bank of Ethiopia
Address Addis Ababa, Ethiopia
Related credit IDA Credit No. 6445
Currency USD

USD Ethiopian Birr

IDA Credit during the year	15,810,852.26	532,245,462.88
Gain on foreign exchange	=	<u>21,793,678.76</u>
Ending balance - 7 July 2020	<u>15,810,852.26</u>	<u>554,039,141.64</u>



**MINISTRY OF FINANCE
ONE WASH NATIONAL PROGRAM (OWNP) PHASE II
DESIGNATED ACCOUNT STATEMENT**

For the period ended From 29 August 2019 to 7 July 2020
Account number 01001013/00576
Depository bank National Bank of Ethiopia
Address Addis Ababa, Ethiopia
Related credit DFID Grant No. 300237
Currency USD

	USD	Ethiopian Birr
DFID Grant during the year	25,750,031.21	785,842,000.00
Less: Transfer to Birr account	<u>22,000,000.00</u>	<u>703,029,800.00</u>
	3,750,031.21	82,812,200.00
Gain on foreign exchange	=	<u>48,595,237.11</u>
Ending balance - 7 July 2020	<u>3,750,031.21</u>	<u>131,407,437.11</u>



**MINISTRY OF FINANCE
ONE WASH NATIONAL PROGRAM (OWNP) PHASE II
DESIGNATED ACCOUNT STATEMENT**

For the period ended From 29 August 2019 to 7 July 2020
Account number 01001013/00577
Depository bank National Bank of Ethiopia
Address Addis Ababa, Ethiopia
Related credit and Grant UNICIEF Grant
Currency USD

	USD	Ethiopian Birr
UNICIEF Grant received during the year	1,000,000.00	32,865,850.00
Gain on foreign exchange	=	<u>2,175,850.00</u>
Ending balance - 7 July 2020	<u>1,000,000.00</u>	<u>35,041,700.00</u>



**MINISTRY OF FINANCE
ONE WASH NATIONAL PROGRAM (OWNP) PHASE I
DESIGNATED ACCOUNT STATEMENT**

For the period ended From 29 August 2019 to 7 July 2020
Account number 01001013/00574
Depository bank National Bank of Ethiopia
Address Addis Ababa, Ethiopia
Related Grant KOICA Grant
Currency USD

	USD	Ethiopian Birr
KOICA Grant received during the year	1,000,000.00	29,146,800.00
Gain on foreign exchange	-	<u>5,894,900.00</u>
Ending balance - 7 July 2020	<u>1,000,000.00</u>	<u>35,041,700.00</u>



MINISTRY OF FINANCE
ONE WASH NATIONAL PROGRAM (OWNP) PHASE II
SCHEDULE OF MOVEMENTS IN THE BIRR ACCOUNT

For the period ended	From 29 August 2019 to 7 July 2020
Account number	0100101040711
Account Name	One WASH National WASH Program Phase II
Depository bank	National Bank of Ethiopia
Address	Addis Ababa, Ethiopia
Currency	Ethiopian Birr
	Ethiopian Birr
Transfer from USD Designated Account	703,029,800
Less: Transfer to Program implementers	
Tigray	40,264,783
Afar	23,847,546
Amhara	190,795,583
Oromia	269,642,270
Somalia	75,383,674
Benshangul	12,806,866
SNNP	40,538,119
Gambela	5,681,406
Harari	3,295,863
Dire dawa	7,543,890
MoWIE	<u>20,000,000</u>
Total Transfer	689,800,000
Bank charge	<u>1,757,574</u>
Total Transfer and bank service charge	<u>691,557,574</u>
Ending balance 7 July 2020	<u>11,472,226</u>



**MINISTRY OF FINANCE
ONE WASH NATIONAL PROGRAM (OWNP) PHASE II
NOTES TO THE FINANCIAL STATEMENTS**

1. PROJECT INFORMATION

The objective of the Project is to increase access to improved water supply and sanitation services for residents in participating Woredas, towns and communities in the territory of the Recipient. The project consists of the following parts:

Part 1: Rural Water Supply, Sanitation and Hygiene

- Construction and rehabilitation of community water supply schemes in participating Woredas and towns.
- Construction and rehabilitation of water and sanitation facilities in school and health facilities in participating Woredas and communities.
- Promotion of improved hygiene and sanitation practices in participating communities.
- Capacity building to strengthen and sustain the capacity of participating Woredas to effectively plan, implement and manage their water supply, sanitation and hygiene facilities.
- Capacity building to strengthen and sustain the capacity of participating Woredas to effectively operate their water supply and sanitation facilities.
- Capacity building for respective water, health and education regional bureaus and Woreda offices to create a critical mass of well trained and skilled facilitators to mobilize communities for behavior change and demand creation to sustain changes.

Part 2: Urban Water Supply, Sanitation and Hygiene

- Rehabilitation and reconstruction of urban water production, treatment and distribution systems.
- Preparation of a Nation Urban Sanitation Strategy, supporting studies on urban sanitation and priority sanitation investments in participating towns.
- Activities to strengthen the capacity of participating water boards/committees and operators to effectively manage their water supply and sanitation facilities.

Part 3: Institutional Water supply, Sanitation and Hygiene

- Investment in infrastructure to support the construction, upgrading and rehabilitation of selected WASH facilities in school and health facilities.
- Provision of technical assistance and goods to support BCC (behavioral change campaign) and capacity building.
- Support for bureaus of education and health in procurement and contract management of proposed infrastructure investments.



MINISTRY OF FINANCE

ONE WASH NATIONAL PROGRAM (OWNP) PHASE II NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PROJECT INFORMATION (continued)

Part 4: Climate Resilient Water supply, Sanitation and Hygiene

- To strengthen the management of water resources and service delivery and to increase accesses to WASH Service in flood and drought prone areas.
- Enhance drought and flood early warning system.
- Enhance water resource management planning capacities.
- Support capacity building and coordination to increase institutional readiness and disseminate early weather and climate warning information at the national, regional, Woreda and community level.
- Implement climate -adaptive service delivery in selected Woreda and urban towns identified as “hotspot” drought and flood prone areas to increase their climate resiliency.

Part 5: Institutional Strengthening and Project Management

- Provision of technical assistance and goods operationalization of a sector management information system.
- Training, equipping and supporting monitoring and evaluation of staff at regional and local levels.
- Introducing remote sensing application.
- Improving systems to realize real-time monitoring.
- Taking into account successful global experience with information system for rural WSS (Water supply and sanitation).
- Provision of technical assistance and goods, financing of training and operating costs to support federal ,regional ,zonal and Woreda implementing agencies in managing and supervising project activities.
- Procure vehicles and vacuum trucks/carts, tool sets, office equipment, water quality testing equipment.

The Project is mainly financed by IDA credit No.6445, DFID Grant No. 30237, KOICA and UNICEF Grants. The closing date of the Project is 7 July 2024.



MINISTRY OF FINANCE
ONE WASH NATIONAL PROGRAM (OWNP) PHASE II
NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Program 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 based on a modified cash basis of accounting.

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 transactions. Balances in foreign currencies at the balance sheet date are translated at the rate of exchange prevailing on that date.



MINISTRY OF FINANCE
ONE WASH NATIONAL PROGRAM (OWNP) PHASE II
NOTES TO THE FINANCIAL STATEMENTS (continued)

3 ADVANCES

	2020
	Ethiopian Birr
Advance payment to:	
Contractors	17,210,293
Suppliers	501,336
Purchase advance to staff	4,199,965
Other advances within government	11,713,810
Others	<u>708,768</u>
	<u>34,334,172</u>

4 CASH AND BANK BALANCES

USD Special account No 1001012/00574	35,041,700
USD Special account No 1001012/00576	131,407,437
USD Special account No 1001012/00577	35,041,700
USD Special account No 1001012/00580	554,039,142
Ethiopian Birr Designated Account	11,472,226
Other Birr Account	571,379,122
Cash on hand	<u>2,091,088</u>
	<u>1,340,472,415</u>

5 ACCOUNTS PAYABLE

Retentions	542,103
Other payable within government	3,183,509
Others	<u>6,738,994</u>
	<u>10,464,606</u>

6 GAIN ON EXCHANGE RATE FLUCTUATION

IDA Credit Account	21,793,678
DFID Grant Account	48,595,237
UNICIEF Grant Account	2,175,850
KOICA Grant Account	<u>5,894,900</u>
	<u>78,459,665</u>



**MINISTRY OF FINANCE
ONE WASH NATIONAL PROGRAM (OWNP) PHASE II
NOTES TO THE FINANCIAL STATEMENTS (continued)**

7 DATE OF AUTHORIZATION

Channel One Programs Coordinating Directorate Director of the Federal Democratic Republic of Ethiopia, Ministry of Finance authorized the issue of these financial statements on 8 January 2021.



**MINISTRY OF FINANCE
ONE WASH NATIONAL PROGRAM (OWNP) PHASE II
IFR BASED WITHDRAWAL SCHEDULE
FOR APPLICATIONS
Submitted during the
FOR THE PERIOD FROM 29 AUGUST 2019 TO 7 JULY 2020**

Withdrwal Application	USD	Eqivalant in Ethiopian Birr
IDA	15,810,852.26	532,245,462.88
DFID	25,750,030.31	785,842,000.00
UNICEF	1,000,000.00	32,865,850.00
KOICA	<u>1,000,000.00</u>	<u>29,146,800.00</u>
	<u>43,560,882.57</u>	<u>1,380,100,112.88</u>



MINISTRY OF FINANCE

ONE WASH NATIONAL PROGRAM (OWNP) PHASE II

RECONCILIATION FROM FIRST QUARTER TO FOURTH QUARTER INTERIM FINANCIAL REPORTS

(IFRS) OF 2020 WITH THE PERIOD END STATEMENT OF SOURCES AND USES OF FUNDS

AND THE BALANCE SHEET

	First Quarter Birr	Second Quarter Birr	Third Quarter Birr	Fourth Quarter Birr	Cumulative to 7 July 2020 Birr
Sources:					
From financers	-	830,824,100	-	549,276,013	1,380,100,113
From Government Contribution	=	<u>700,000</u>	<u>36,289,147</u>	<u>22,465,623</u>	<u>59,454,770</u>
Total Collection	-	831,524,100	36,289,147	571,741,636	1,439,554,883
Gain on foreign exchange	-	<u>37,988,616</u>	<u>7,577,810</u>	<u>32,893,240</u>	<u>78,459,666</u>
Total Sources (includes opening) - (a)	=	869,512,716	43,866,957	604,634,876	1,518,014,549
Expenditures					
Program expenditures (b)	=	<u>47,853</u>	<u>40,725,427</u>	<u>112,899,288</u>	<u>153,672,568</u>
Excess of source over expenditures, (current)	=	<u>869,464,863</u>	<u>3,141,530</u>	<u>491,735,588</u>	
(a) - (b)					<u>1,364,341,981</u>
Cash at bank					1,338,381,327
Cash on hand					2,091,088
Advances					34,334,172
Payables					(10,464,606)
					<u>1,364,341,981</u>

