በፌዴራል ዋና ኦዲተር መሥሪያ ቤት
የሂሣብ ምርመራ አገልግሎት ኮርፖሬሽን
Office of the Federal Auditor General
Audit Service Corporation

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT OF MINISTRY OF FINANCE
CLIMATE ACTION THROUGH LANDSCAPE MANAGEMENT PROGRAM**

We have audited the accompanying financial statements of Ministry of Finance, Climate Action through Landscape Management Program, financed under IDA Grant D482-ET, which comprise the balance sheet as at 7 July 2024, and the statement of sources and uses of funds for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's 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 the Ministry 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.

ASC

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 present fairly, in all material respects, the financial position of Ministry of Finance, Climate Action Through Landscape Management Program,) financed under IDA grant, D482-ET, as at 7 July 2024 and of its statement of 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.

Report on Other Requirements

As required by the Terms of Reference (TOR) for audit of the Program we report that, to the extent we can assess:

a) IDA Funds have been used in accordance with the programmatic priorities and activities agreed, with due attention to economy, efficiency and effectiveness, and only for the purposes for which the financing was provided;

b) Goods, works and services financed have been procured in accordance with the relevant financing agreements including specific provisions of the donors;

c) All necessary supporting documents, records and accounts have been maintained in respect of all fund activities;

d) Designated Accounts have been maintained in accordance with the provision of the relevant financing arrangement and funds disbursed out of the Accounts were used according to the joint financing arrangement;

e) National laws and regulations have been compiled with, and that the financial and accounting procedures approved for the project were followed and used;

f) Financial performance of the Program is satisfactory.

Audit services corporation

3 January 2025

MINSTRY OF FINANCE
CLIMATE ACTION THROUGH LANDSCAPE MANAGEMENT PROGRAM
IDA GRANT
BALANCE SHEET
AS AT 7 JULY 2024

	Notes	Birr	2023 Birr
CURRENT ASSETS			
Account receivable	3	147,833,564	250,602,997
Cash and bank balance	4	4,898,738,223	6,349,183,044
		5,046,571,787	6,599,786,041
CURRENT LIABILITY			
Account payable	5	24,488,704	22,277,269
NET CURRENT ASSETS		**5,022,083,083**	**6,577,508,772**
REPRESENTED BY			
Fund balance	6	**5,022,083,083**	**6,577,508,772**

MINSTRY OF FINANCE
CLIMATE ACTION THROUGH LANDSCAPE MANAGEMENT PROGRAM
IDA GRANT
STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED 7 JULY 2024

SOURCES	Notes	Birr	Cumulative from 8 April 2020 to 7 July 2024 Birr	2023 Birr
IDA grant		3,733,865,988	16,399,728,630	1,761,302,015
Gain on foreign exchange rate fluctuation		140,530,534	1,543,956,730	269,606,489
Prior period income adjustment		2,067,765	2,067,765	-
		3,876,464,287	17,945,753,125	2,030,908,504
USES				
Participatory Watershade Management		3,614,056,007	8,710,008,650	3,014,217,854
Rural Land Administration		1,546,352,556	3,659,508,433	1,202,449,189
Verification, Central Statistical Agency		145,264,759	236,577,568	59,111,384
Ministry of Finance, financial management		68,054,692	98,329,580	13,442,708
Ministry of Peace, Capacity building		-	93,410,321	34,764,001
Verification (FEACC)		7,612,887	19,511,160	5,398,273
Bank service charge		50,549,075	106,324,330	48,025,960
		5,431,889,976	12,923,670,043	4,377,409,369
(DEFICIT)/EXCESS OF SOURCES OVER USES		**(1,555,425,689)**	**5,022,083,083**	**(2,346,500,865)**

MINISTRY OF FINANCE
CLIMATE ACTION THROUGH LANDSCAPE MANAGEMENT PROGRAM
IDA GRANT
DESIGNATED ACCOUNT STATEMENT

For the year ended	7 July 2024
Account number	0100101300573
Depository Bank	National Bank of Ethiopia
Address	Addis Ababa, Ethiopia
Related Grant	IDA, D482-ET
Currency	USD

	USD	Ethiopian **Birr**
Balance as at 7 July 2023	75,600,537.60	4,130,579,012.79
IDA Grant Received	65,344,033.16	3,733,865,988.05
Transfer from MOA	10,317,581.00	574,021,714.21
Transfer from MOF	211.81	11,985.16
	151,262,363.57	8,438,478,700.21
Less:- Transfer to MoA Dollar account	427,800.00	24,227,368.34
Transfer to Birr account	90,364,500.00	5,075,082,064.20
Transfer to ESS	440,200.00	24,478,157.38
	91,232,500.00	5,123,787,589.92
	60,029,863.57	3,314,691,110.29
Add:- Gain on foreign exchange fluctuation	-	129,228,165.69
Balance as at 7 July 2024	**60,029,863.57**	**3,443,919,275.98**

MINISTRY OF FINANCE
CLIMATE ACTION THROUGH LANDSCAPE MANAGEMENT PROGRAM
IDA GRANT
DESIGNATED ACCOUNT STATEMENT

For the year ended	7 July 2024
Account number	0100071300348
Depository Bank	National Bank of Ethiopia
Address	Addis Ababa, Ethiopia
Related Grant	IDA, D482-ET
Currency	USD

	USD	Ethiopian **Birr**
Balance as at 7 July 2023	10,697,791.68	584,494,174.24
Transfer from MoF IDA Dollar account	427,800.00	24,227,368.34
	11,125,591.68	608,721,542.58
Less:- Transfer to Birr account	10,317,581.00	574,021,714.21
Advance payment to suppliers	710,120.43	39,909,825.03
	11,027,701.43	613,931,539.24
	97,890.25	(5,209,996.66)
Add:- Gain on foreign exchange fluctuation	-	10,825,970.09
Balance as at 7 July 2024	**97,890.25**	**5,615,973.43**

1. PROGRAM INFORMATION

The Federal Democratic of Ethiopia and International Development Association (IDA) entered into an agreement on 15 June 2019 to finance a program, Climate Action through Landscape Management Program (CALM). IDA has agreed to extend a grant fund equivalent to SDR 360,900,000 towards financing this Program. The Program became effective on 8 April 2020 and will be closed on 7 July 2024

The objective of the Program is to increase adoption of sustainable land management practices and expand access to secure land tenure in non-rangeland rural areas.

The Program consists of the following activities:

I. Participatory Watershed Management

Scaling up participatory watershed management activities to reduce land degradation, including:

(a) Development of capacity at the Federal, regional and Woreda levels for participatory watershed management;

(b) Sustainable Land Management (SLM) related research at the federal and regional levels;

(c) Strengthening of the policy, institutional and regulatory framework for SLM;

(d) Building the SLM knowledge base; and

(e) Management, monitoring and reporting of Ethiopian Strategic Investment Framework (ESIF) interventions for watershed management.

II. Rural Land Administration

Carrying out the following to improve rural land tenure security:

(a) Preparation and issuance of Second Level Landholding Certificates (SLLCs) (which includes quality assurance, verification against first level land holding certificates, and issuance to land holders);

1. PROGRAM INFORMATION

(b) Installation and operation of the Natural Rural Land Administration Information Systems (NRLAIS) at the federal, regional and Woreda level:

(c) Development of capacity at the federal, regional and Woreda levels;

(d) Strengthening of policy, institutional and regulatory framework for rural land administration; and

(e) Management, monitoring and reporting of ESIF intervention for improved rural land tenure security.

This audit covers the special purpose grant part of the expenditure framework as well as the specific budget line expenditure at the Ministry of Agriculture (MoA) which contributes to the program expenditure framework. The specific budget lines at the MoA that contribute to the Program expenditure framework along with the respective expenditure incurred during the period are:

	ETB
Budget code 11341002 Providing Agricultural Extension Service	31,049,802
" " 11341005 Providing Support to Increase Crop Production and Productivity	25,321,297
" " 11341011 Intensifying Natural Resource Development and Utilization.	142,192,356
" " 11341012 Providing Support to Rural Land Administration and Utilization System.	71,460,606

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Program are stated below:

Basis of preparation

a) 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.

2. SIGNIFICANT ACCOUNTING POLICIES

b) **Currency**

These financial statements are presented in Birr. Transactions in foreign currency are translated into Birr at the approximate rates of exchange prevailing at the dates of the transactions. Foreign currency balances are translated into Birr at the exchange rate ruling at the balance sheet date.

MINSTRY OF FINANCE
CLIMATE ACTION THROUGH LANDSCAPE MANAGEMENT PROGRAM
IDA GRANT
NOTES TO THE FINANCIAL STATEMENTS (continued)

3 ADVANCE PAYMENTS

		2023
	Birr	**Birr**
Advance within government offices	73,235,295	133,938,709
Advance to Regions	5,000,000	6,654,463
Advance to contracrors	10,006,211	21,663,757
Advance to suppliers	3,634,017	60,413,223
Purchase advances	5,034,444	20,943,160
Other advance	22,229,655	-
Staff	24,971,855	6,964,036
Sundry	3,722,087	25,649
	147,833,564	**250,602,997**

4 CASH AND BANK BALANCES

		2023
	Birr	**Birr**
USD Designated Account No. 0100101300573	3,443,919,276	4,130,579,013
USD Designated Account No. 0100101300348	-	-
Ministry of Finance, Pool Birr account	153,590,532	374,131,015
Ministry of Agriculture	376,154,875	918,872,447
Central Statistical Agency	7,068,574	2,167,581
Ministry of Finance-Administration	3,177,287	2,965,096
FEACC	340,326	2,108,873
Total cash at regional offices	914,487,353	918,359,019
	4,898,738,223	**6,349,183,044**

5 ACCOUNT PAYABLES

		2023
	Birr	**Birr**
Advance within government offices	11,442,669	13,633,468
Taxes payable	7,795,976	5,358,636
Sundry creditors	15,605	658,826
Other deposits	14,795	9
Retention payable	3,924,011	676,241
Family payable	159,683	-
Staff payable	556,360	1,435,737
Grace period payable	579,605	77,752
Payable to suppliers	-	436,600
	24,488,704	**22,277,269**

6 FUND BALANCE

	Birr
Balance at 07July 2023	6,577,508,772
Add :- Excess of uses over sources	(1,555,425,689)
Balance at 7 July 2024	**5,022,083,083**

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 3 January 2025.