



**Chartered Certified Accountants and Authorized Auditors**  
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## INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD FROM 8 JULY 2020 TO 7 JULY 2021

### 3.1 INDEPENDENT AUDITORS' REPORT

#### Qualified opinion

We have audited the accompanying financial statements of Economic Opportunities -(Program for Results) Program financed by International Development Association (IDA) set out on pages 8 to 12, which comprises the Statement of Financial Position as at 07 July 2021, Statement of Receipts and Expenditure and the statement of Summary of Activity in the Designated Account for the year ended 07 July 2021 and the related notes to the financial statements, including summary of significant accounting policies.

In our opinion, except for the matters discussed in the basis for qualified opinion paragraph, the accompanying financial statements give a true and fair view of the cash receipts and expenditure of the Program for the period from 8 July 2020 to 7 July 2021 and the funds at 7 July 2021 and were utilized for the purpose defined in the funding agreement and in accordance with the accounting policies set out in note 3.5 to the financial statement and the financial reporting provisions of the donors.

#### Basis for qualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Program in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for the following scope limitation.

- 1 We were not able to verify a total expenditure amount of ETB 5,049,589 reported by Ministry of Labour and /social Affairs (MOLSA) because of the fact that supporting documents and other financial information were not made available for our verification.
- 2 The fund balance includes the following expenditure reported by Administration for Refugee and Returnee Affairs at Shire and Industrial Parks Development Corporation at Mekelle for the previous period . We were not able to ascertain that this amount was genuine expense of the project, because of the fact that the supporting documents and other financial information were not made available for our verification.

Administration for Refugee and Returnee Affairs - Shire  
Industrial Parks Development Corporation- Mekelle

| Amount             |
|--------------------|
| ETB                |
| 203,694,743        |
| 16,235,537         |
| <u>219,930,280</u> |

#### Report on other requirements

In all materials respects and except for the above locations of audit, we confirm that:

- i External funds have been used in accordance with the conditions of the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which the financing was provided;
- ii) Goods and services financed have been procured in accordance with the relevant financing agreements and the financiers' procurement policies and procedures;
- iii) All necessary supporting documents, records, and accounts have been kept in respect of all Program ventures including expenditure reported using statements of expenditure (SOE) method of disbursement;
- iv) Designated Accounts have been maintained in accordance with the provisions of the relevant financing agreements and disbursement letter and funds disbursed out of the Accounts were used only for the purpose intended in the financing agreement;
- v) The financial statements have been prepared in accordance with the organization's accounting policies and relevant World Bank guidelines; and
- vi) National laws and regulations have been complied with, and that the financial and accounting procedures approved for the Program.

**INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 8 JULY 2020 TO 7 JULY 2021**

**3.1 INDEPENDENT AUDITORS' REPORT (Continued)**

**Management's responsibilities for the Program financial statements**

Management is responsible for the preparation and fair presentation of the financial statements prepared in accordance with the funding agreement between Ethiopian Investment Commission and International Development Association and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The management of the Program is also responsible for overseeing the Program's financial reporting process.

**Auditors' responsibilities for the audit of the Program financial statements**


Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

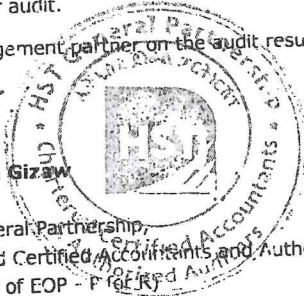
As part of an audit conducted in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Program's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditors' report is Solomon Gizaw.

  
**Solomon Gizaw**  
Partner  
HST General Partnership,  
Chartered Certified Accountants and Authorized Auditors  
(Auditors of EOP - P 161/17)  
Addis Ababa  
18 May 2023



ETHIOPIAN INVESTMENT COMMISSION  
ECONOMIC OPPORTUNITIES PROGRAM (EOP)  
PROGRAMME FOR RESULTS (P for R)  
FOR THE PERIOD FROM 8 JULY 2020 TO 7 JULY 2021

3.2 STATEMENT OF RECEIPT AND EXPENDITURE

|                                    |       | <b>2021</b>            | <b>2020</b>            |
|------------------------------------|-------|------------------------|------------------------|
|                                    |       | <b>ETB</b>             | <b>ETB</b>             |
| <b>RECEIPT</b>                     | Notes |                        |                        |
| Fund receipts during the year      | 3.6   | 1,424,904,978          | 2,199,960,429          |
| Contribution from The Government   | 3.6   | 175,432,951            | 205,880,876            |
| Other income                       | 3.7   | 571,742,770            | 256,041,760            |
|                                    |       | <u>2,172,080,699</u>   | <u>2,661,883,064</u>   |
| <b>EXPENDITURE</b>                 |       |                        |                        |
| Total expenditure during the year  | 3.8   | <u>(1,199,350,123)</u> | <u>(1,439,726,403)</u> |
| Excess of receipt over expenditure |       | 972,730,576            | 1,222,156,661          |
| Fund balance at 8 July 2020        |       | <u>1,222,156,661</u>   | -                      |
| Fund balance at 7 July 2021        |       | <u>2,194,887,237</u>   | <u>1,222,156,661</u>   |







ETHIOPIAN INVESTMENT COMMISSION  
ECONOMIC OPPORTUNITIES PROGRAM (EOP)  
PROGRAMME FOR RESULTS (P for R)

3.3 STATEMENT OF FINANCIAL POSITION  
AS AT JULY 7 2021

|                                     | Notes | 2021<br>ETB          | 2020<br>ETB          |
|-------------------------------------|-------|----------------------|----------------------|
| <b>ASSETS</b>                       |       |                      |                      |
| <b>CURRENT ASSETS</b>               |       |                      |                      |
| Cash and bank balances              | 3.9   | 3,838,890,743        | 2,456,002,189        |
|                                     |       | <u>3,838,890,743</u> | <u>2,456,002,189</u> |
| <b>FUND BALANCE AND LIABILITIES</b> |       |                      |                      |
| Fund balance                        |       | 2,194,887,237        | 1,222,156,661        |
| <b>CURRENT LIABILITIES</b>          |       |                      |                      |
| Payables                            | 3.10  | <u>1,644,003,506</u> | <u>1,233,845,527</u> |
| Total Fund balance and Liabilities  |       | <u>3,838,890,743</u> | <u>2,456,002,189</u> |

The financial statements on pages 8 to 13 were approved by the Management of Economic Opportunities -Program for Results on 18 May 2023 and signed on its behalf by:

  
Fikremariam Niquessie  
Program Director

  
Yoseph Agnare  
Financial Management Specialist



ETHIOPIAN INVESTMENT COMMISSION  
 ECONOMIC OPPORTUNITY PROGRAM (EOP)  
 PROGRAMME FOR RESULTS (P for R)  
 FOR THE PERIOD FROM 8 JULY 2020 TO 7 JULY 2021

3.4 SUMMARY OF THE ACTIVITY IN THE DESIGNATED ACCOUNT

Account Name: Ministry of Finance – Economic Opportunities Program  
 USD Bank Account (a/c#0100101300569): National Bank of Ethiopia

|   |     | 2021<br>USD       | 2021<br>ETB          |
|---|-----|-------------------|----------------------|
| Opening Bank Balance                      |     | 70,087,986        | 2,456,002,189        |
| ADD: Receipts                             |     |                   |                      |
| Fund received from IDA                    | 3.6 | 34,506,537        | 1,424,904,978        |
| Gain on exchange rate difference          | 3.7 | -                 | 571,742,770          |
| Funds available for use                   |     | 104,594,523       | 4,452,649,937        |
| Less: Transfers and Expenditures/payments |     |                   |                      |
| Expenditures/payments                     | 3.8 | 17,015,000        | 613,759,194          |
|   |     | 17,015,000        | 613,759,194          |
| <b>Closing Balance</b>                    |     | <b>87,579,523</b> | <b>3,838,890,743</b> |



ETHIOPIAN INVESTMENT COMMISSION  
ECONOMIC OPPORTUNITY PROGRAM (EOP)  
PROGRAMME FOR RESULTS (P for R)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 8 JULY 2020 TO 7 JULY 2021

**3.5 BASIS OF PREPARATION**

The financial statements have been prepared on modified cash basis of accounting whereby receipts are recognized when cash is received and expenditures are recognized when incurred.

**3.5.1 Budget**

The budget is developed on the same accounting basis (modified cash basis), same classification basis, and for the same period as for the financial statements. The budget was approved as required by the standard conditions of the credit agreement and work-plan .

**3.5.2 Funds receipt**

Fund receipt is recognized to the extent of credit extended by the Bank to the Program's designated account. Funds received and direct payments during the year are as follows:

|               | Received (USD)    | Confirmed (USD)   |
|---------------|-------------------|-------------------|
| Cash transfer | 87,579,523        | 87,579,523        |
|               | <u>87,579,523</u> | <u>87,579,523</u> |

**3.5.3 Expenditure**

Expenditure represents amounts disbursed and costs incurred denominated in ETB.

**3.5.4 Foreign currency transactions**

Cash receipts and payments arising from transactions in a foreign currency are recoded in the financial statements using the actual rate of exchange applicable on date of transactions. Foreign currency denominated monetary assets and liabilities are translated to ETB using exchange rates applicable at year-end.

**3.5.5 Foreign currency transactions**

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Ethiopian Birr ("ETB") which is the Program's functional currency.

Transactions and balances

Cash receipts and payments arising from transactions in a foreign currency are recorded in the financial statements using the actual rate of exchange. Foreign currency transactions are translated into the functional currency of the Program using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in statements of receipts and payments.

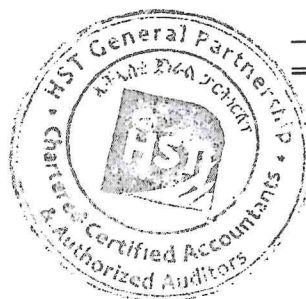
**3.5.6 Comparative information**

Where necessary, comparative figures have been adjusted to conform to changes in presentation in current year.



ETHIOPIAN INVESTMENT  
ECONOMIC OPPORTUNITY PROGRAM (EOP)  
PROGRAMME FOR RESULTS (P for R)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 8 JULY 2020 TO 7 JULY 2021

|  |   |  |  |   | 2021<br>ETB          |
|--|---|--|--|---|----------------------|
| <b>3.6 INCOME</b>                        |   |  |  |   |                      |
| IDA Disbursements                        |   |  |  |   | 1,391,936,656        |
| TF Disbursements                         |   |  |  |   | 32,968,322           |
|  |   |  |  |   | <u>1,424,904,978</u> |
| Contribution from Government of Ethiopia |   |  |  |   | 175,432,951          |
|  |   |  |  |   | <u>1,600,337,929</u> |
| <b>3.7 OTHER INCOME</b>                  |   |  |  |   |                      |
| Gain on Foreign exchange fluctuation     |   |  |  |   | 571,742,770          |
|  |   |  |  |   | <u>571,742,770</u>   |
| <b>3.8 OPERATING EXPENSES</b>            |   |  |  |   |                      |
|  | Ethiopia<br>Investment<br>Commission<br>ETB | Administratio<br>n for Refugee<br>and Returnee<br>Affairs<br>ETB | Industrial<br>Parks<br>Development<br>Corporation<br>ETB | Ministry of<br>Labour and<br>Social<br>Affairs<br>ETB | Total<br>ETB         |
| Administration and operation             | 20,825,086                                  | 266,359,528  | 216,104,278  | 57,051,211  | 560,340,103          |
| Promoting and attracting FDI             | 5,719,657                                   | -  | -  | -   | 5,719,657            |
| Salary and other benefits                | -   | 457,258,388  | 109,917,969  | -   | 567,176,357          |
| Investment- research and<br>studies      | 3,702,042                                   | -  | -  | -   | 3,702,042            |
| Employment service promo                 | -   | -  | -  | 12,151,767  | 12,151,767           |
| Harmonious industrial relations          | -   | -  | -  | 4,321,419   | 4,321,419            |
| Fire prevention and protection           | -   | -  | 21,001,034   | -   | 21,001,034           |
| Investment project support               | 19,028,781                                  | -  | -  | -   | 19,028,781           |
| Supplies                                 | -   | -  | 5,908,963  | -   | 5,908,963            |
|  | <u>49,275,566</u>                           | <u>723,617,916</u>   | <u>352,932,244</u>                                       | <u>73,524,397</u>                                     | <u>1,199,350,123</u> |
| <b>3.9 CASH AND CASH EQUIVALENT</b>      |   |  |  |   |                      |
|  |   |  |  |   | 2021<br>ETB          |
| Cash at bank                             |   |  |  |   | 3,838,890,743        |
| Cash on hand                             |   |  |  |   | -                    |
|  |   |  |  |   | <u>3,838,890,743</u> |
| <b>3.10 PAYABLES</b>                     |   |  |  |   |                      |
| Payable to The Ethiopian Government      |   |  |  |   | 1,644,003,506        |
|  |   |  |  |   | <u>1,644,003,506</u> |







Chartered Certified Accountants and Authorized Auditors  
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Ethiopian Investment Commission  
Economic Opportunities Program  
Programme for Results (P for R)  
Addis Ababa

Attention: Fikremariam Nigussie  
Program Director

Dear Sir,

#### 4 INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

We have audited the accompanying financial statements of EOP- Program for Results financed by IDA set out on pages 8 to 13, which comprises the Statement of Financial Position as at 7 July 2021, Statement of Receipts and Expenditure and the Statement of Summary of Activity in the Designated Account for the period from 8 July 2020 to 7 July 2021 and the related notes to the financial statements, including summary of significant accounting policies.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement resulting from violations of agreement terms and laws and regulations that have a direct and material effect on the financial statements.

Compliance with the terms of agreement, laws and regulations, contracts and binding policies and procedures are the responsibility of the management of the Project. As part of our audit, we selected and tested transactions and records to determine the Program's compliance with agreement terms, laws, regulations, contracts, binding policies and procedures. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

Material instances of non-compliance are failure to follow requirements or violations of the terms agreement and laws and regulations that cause us to conclude that the aggregation of misstatements resulting from those failures or violations is material to the financial statements.

Our consideration and evaluation of compliance requirements did not identify any instances of non-compliance with grant agreements, laws and regulations.

This report is intended for the information of MoF, EIC and IDA.

The engagement partner on the audit resulting in this independent auditor's report is Solomon Gizaw

  
**Solomon Gizaw**

Partner

HST General Partnership  
Chartered Certified Accountants and Authorized Auditors  
(Auditors of EOP-P for R)  
Addis Ababa  
18 May 2023





**Chartered Certified Accountants and Authorized Auditors**  
**የተመለከረላቸው የሂሳብ አዋቂዎችና የተፈቀደላቸው አዲተሮች**

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Ethiopian Investment Commission  
Economic Opportunities Program  
Programme for Results (P for R)  
Addis Ababa

Attention: Fikremariam Nigussie  
Program Director

Dear Sir,

## 5 INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL

We have audited the accompanying financial statements of EOP-Programme for Results Project financed by IDA set out on pages 8 to 13, which includes the Statement of Financial Position as at 7 July 2021, Statement of Receipts and Expenditure and the Statement of Summary of Activity in the Designated Account for the period from 8 July 2020 to 7 July 2021 and the related notes to the financial statements, including summary of significant accounting policies.

We conducted our audit in accordance with International Standards on Auditing. In planning and performing our audit, we considered the Program's internal control over financial reporting as a basis for designing our auditing procedures for expressing our opinion on the financial statements, but not for expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.


Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Program's financial statements will not be prevented, or detected and corrected on a timely basis.

Based on our audit, we did not identify any deficiencies to report on.

This report is intended for the information of MoF, EIC and IDA.

The engagement partner on the audit resulting in this independent auditor's report is Solomon Gizaw.

  
**Solomon Gizaw**  
Partner  
HST General Partnership  
Chartered Certified Accountants and Authorized Auditors  
(Auditors of EOP - P for R)  
Addis Ababa  
18 May 2023