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AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

OF

**FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
MINISTRY OF ENVIROMENT, FOREST AND CLIMATE
CHANGE GRANT NUMBER TF 017284**

AS AT AND FOR THE YEARENDED 07 JULY 2015

TAY & Co.

Chartered Certified Accountants & Authorized Auditors

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF
FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA MINISTRY OF ENVIROMENT,
FOREST AND CLIMATE CHANGE GRANT NUMBER TF017284**

Report on the financial Statements

We have audited the accompanying financial statements of Federal Democratic Republic of Ethiopia Ministry of Environment, Forest and Climate Change Grant Number TF017284, which comprise the Statement of Financial Position as at 07 July, 2015, and the related Income and Expenditure, for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting policy stated in note number 2 of the financial statements and the grant agreement, 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 assessment, the auditors 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.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Federal Democratic Republic of Ethiopia Ministry of Environment, Forest and Climate Change Grant Number TF017284 as at 07 July 2015 and of its financial performance for the period then ended in accordance with the accounting policy adopted for Forest Carbon Partnership Facility (FCPF).



In addition, with respect to the statement of expenditure submitted during the year ended 07 July 2015, in our opinion

- a. The statements, together with the procedures and internal controls involved in their preparation, can be relied up on to support the relevant withdrawals,
- b. Adequate supporting documentation has been maintained to support claims to international bank for Reconstruction and Development for reimbursement of expenditures incurred: and
- c. Expenditures are eligible for financing under International Bank for Reconstruction and Development Grant No. TF017284.


TAY & Co.
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Authorized Auditors



Addis Ababa
January 1, 2016

THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA MINISTRY OF
 ENVIROMENT, FOREST AND CLIMATE CHANGE
 GRANT NUMBER TF017284
 STATEMENT OF FINANCIAL POSITION
 AS AT 07 JULY 2015

Currency: Ethiopian Birr

| | <u>Notes</u> | |
|----------------------------|--------------|-----------------------------|
| ASSET EMPLOYEED | | |
| CURRENT ASSET | | |
| Account Receivable | 3 | 7,229,168.22 |
| Cash and bank balances | 4 | <u>12,894,838.44</u> |
| | | <u>20,124,006.66</u> |
| CUREENT LIABILITIES | | |
| Account payables | 5 | <u>303,655.34</u> |
| | | <u>19,820,351.32</u> |
| REPRESENTED BY | | |
| Fund balance | | <u>19,820,351.32</u> |



THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA MINISTRY OF
 ENVIROMENT, FOREST AND CLIMATE CHANGE
 GRANT NUMBER TF017284
 STATEMENT OF INCOME AND EXPENDITURE
 FOR THE YEAR ENDED 07 JULY 2015

Currency: Ethiopian Birr

Notes

INCOME

| | | |
|--------------------------------|--|----------------------|
| Grant received from World Bank | | 26,057,259.28 |
| Gain on exchange rate | | 863,678.33 |
| | | <u>26,920,937.61</u> |

EXPENDITURES

| | | |
|---|---|---------------------|
| Support to the National Readiness Management Arrangements | 6 | 3,915,276.73 |
| Establishment of Monitoring, Reporting & Verification | 7 | 486,113.15 |
| Preparation of REDD+ Pilot projects | 8 | 2,699,196.41 |
| | | <u>7,100,586.29</u> |

Excess of Expenditure over Income

19,820,351.32



**THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA MINISTRY OF
ENVIROMENT, FOREST AND CLIMATE CHANGE
GRANT NUMBER TF017284
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 07 JULY 2015**

Currency: Ethiopian Birr

1. ESTABLISHMENT

A grant agreement was signed between the Federal Democratic Republic of Ethiopia and the International Bank for Reconstruction and Development (World Bank) a grant amounting to ten million United States Dollar (\$ 10,000,000) to assisst the financing of the project.

The objective of the project is to assisst the recipient to carry out the readiness preparation activities.

The grant will have three main parts:

- Part 1: Support to the National Readiness Managment Arrangements
- Part 2: Establishment of Monitoring, Reporting and Verification (MRV) System and a reference Emission level (REL) for REDD⁺
- Part 3: Preparation of REDD⁺ Pilot Projects

2. ACCOUNTING POLICY

The principal accounting policies adopted by the project are stated bellow:

a. Basis of Accounting

Modified Cash basis of accounting is used in recognition of sources and uses of funds in that income is recognized when received and expenditures are recognized when paid except for certain accrued obligations.

b. Currency

Transactions in foreign currency are converted to Birr at the exchange rate ruling at the date of the transaction. Cash balances denominated in foreing currency are translated at the exchange rate ruling at the balance sheet date and the resulting gain (loss) are recognized in the income and expenditures statements.

c. Fixed Assets

Fixed assets are directly charged to project expenditure at the time of purchase.



THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA MINISTRY OF
 ENVIROMENT, FOREST AND CLIMATE CHANGE
 GRANT NUMBER TF017284
 NOTES TO THE ACCOUNTS
 FOR THE YEAR ENDED 07 JULY 2015

Currency: Ethiopian Birr

3. Debtors

| | |
|----------------------------------|---------------------|
| Staff debtor | 192,967.63 |
| Advance to Oromiya pilot project | 6,842,508.33 |
| Other Advance to staff | 193,692.26 |
| | <u>7,229,168.22</u> |

4. Cash and bank balances

| | |
|---------------------------|----------------------|
| Cash at bank birr account | 12,872,173.18 |
| Cash on hand | 665.26 |
| Fuel coupon | 22,000.00 |
| | <u>12,894,838.44</u> |

5. Creditors and accruals

| | |
|------------------------|-------------------|
| Sundry creditors | - |
| Income tax | 23,103.28 |
| Value added tax | 222,126.24 |
| Withholding tax | 29,537.01 |
| Provident fund payable | 26,306.77 |
| Other payable | 2,582.04 |
| | <u>303,655.34</u> |

6. Support to the National Readiness Management Arrangements

| | |
|--|---------------------|
| Salary and Benefits | 1,353,135.27 |
| Office Supplies | - |
| Fuel and Lubricant | 11,839.25 |
| Perdiem | 42,257.50 |
| Transportation | 7,661.00 |
| Official Entertainment | 576.18 |
| Maintenance and repair of Vehicles | 87,806.16 |
| Advertisement | 16,510.50 |
| Service Charge | 339,401.28 |
| Telecommunication Charge | 320,806.81 |
| Training | 373,803.07 |
| Uniform and Clothes | 21,294.94 |
| Miscellaneous | 5,400.00 |
| Printing | 7,642.22 |
| Purchase of Plant, Machinery and Equipment | 327,142.55 |
| | <u>3,915,276.73</u> |



THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA MINISTRY OF
 ENVIROMENT, FOREST AND CLIMATE CHANGE
 GRANT NUMBER TF017284
 NOTES TO THE ACCOUNTS
 FOR THE YEAR ENDED 07 JULY 2015

Currency: Ethiopian Birr

7. Establishment of Monitoring, Reporting & Verification

| | |
|---------------|--------------------------|
| Printing | 256,114.53 |
| Advertisement | <u>229,998.62</u> |
| | <u>486,113.15</u> |

8. Preparation of REDD⁺ Pilot projects


| | |
|---|----------------------------|
| Purchase of Plant, Machinery and Equipments | 801,640.57 |
| Office supplies | 94,972.00 |
| Fuel and Lubricant | 48,113.58 |
| Perdiem | 410,074.00 |
| Transportation | 44,118.00 |
| Advertisement | 23,805.50 |
| Services Charge | 322,801.84 |
| Telecommunication Charge | 6,000.00 |
| Training | 794,250.42 |
| Miscellaneous | 1,200.00 |
| Printing | <u>152,220.50</u> |
| | <u>2,699,196.41</u> |

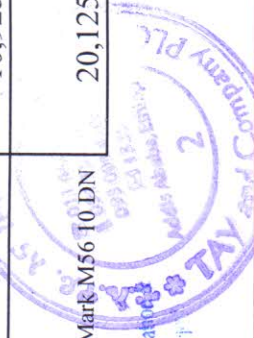


Reducing Emissions From Deforestation and Forest Degradation (REDD+) Project
Period : As of July 07,2015

NON EXPENDABLE PROPERTY REGISTER
Additional Funding TF 017284

| S.N | ACQUISITION DATE | ITEM DESCRIPTION | Model 19 No. | Tag No. | QTY | Unit Cost | Manufacturing serial no | Total Cost | Location | Remark |
|-----|------------------|-------------------------|--------------|---------|-----|-----------|-------------------------|------------|-------------|------------|
| 1 | 29-Dec-14 | Table size 140*70*76cm | 26238 | | 7 | 7,749.41 | single Pedestal | 54,245.89 | Oromia REDD | BPV 972563 |
| 2 | 29-Dec-14 | Table size 140*80*75cm | 26238 | | 1 | 7,749.41 | L-Shape | 7,749.41 | Oromia REDD | BPV 972563 |
| 3 | 29-Dec-14 | Filing Cabinet 4 drawer | 26238 | | 4 | 4,715.00 | Metal | 18,860.00 | Oromia REDD | BPV 972563 |
| 4 | 29-Dec-14 | Managerial Table | 26241 | | 1 | 15,525.00 | N/A | 15,525.00 | Oromia REDD | BPV 972563 |
| 5 | 29-Dec-14 | shelf two door Medium | 26241 | | 4 | 7,475.00 | N/A | 29,900.00 | Oromia REDD | BPV 972563 |
| 6 | 29-Dec-14 | shelf three door large | 26241 | | 1 | 10,226.95 | N/A | 10,226.95 | Oromia REDD | BPV 972563 |
| 7 | 29-Dec-14 | cash safe | 26242 | | 1 | 11,096.35 | N/A | 11,096.35 | Oromia REDD | BPV 972562 |
| 8 | 29-Dec-14 | Medium Back Chair | 26239 | | 8 | 2,572.26 | N/A | 20,578.10 | Oromia REDD | BPV 972564 |
| 9 | 29-Dec-14 | Coffe Table | 26239 | | 4 | 1,805.50 | N/A | 7,222.00 | Oromia REDD | BPV 972564 |
| 10 | 6-Jan-15 | Guest Chair | 26246 | | 15 | 2,350.00 | N/A | 35,250.03 | Oromia REDD | BPV 972559 |
| 11 | 6-Jan-15 | computer | 26245 | | 1 | 25,271.25 | N/A | 25,271.25 | Oromia REDD | BPV 972561 |
| 12 | 6-Jan-15 | computer | 26245 | | 1 | 25,271.25 | N/A | 25,271.25 | MEF | BPV 972561 |
| 13 | 6-Jan-15 | color printer | 26243 | | 1 | 10,925.00 | LEXMark C5310 | 10,925.00 | Oromia REDD | BPV 972565 |
| 14 | 6-Jan-15 | printer | 26243 | | 2 | 10,062.50 | LEX Mark M56 10.DN | 20,125.00 | Oromia REDD | BPV 972565 |


 Yitebitu Moges Abebe (Dr.)
 Reducing Emissions from Deforestation
 Forest Degradation REDD+ Project
 National Coordinator



| | | | | | | | | | |
|----|-----------|-------------------------|--------|----|------------|----------------|------------|-------------|------------|
| 15 | 6-Jan-15 | Photocopier Machine | 26243 | 1 | 154,131.05 | Sharp MX-M453N | 154,131.05 | Oromia REDD | BPV 972565 |
| 16 | 6-Jan-15 | Scanner | 26243 | 1 | 2,863.50 | HP ScanJet 300 | 2,863.50 | Oromia REDD | BPV 972565 |
| 17 | 6-Jan-15 | LCD Projector | 26243 | 1 | 12,607.45 | Epson EB-518 | 12,607.45 | Oromia REDD | BPV 972565 |
| 18 | 6-Jan-15 | Fax Machine | 26247 | 1 | 7,690.00 | Canon | 7,690.00 | Oromia REDD | BPV 972560 |
| 19 | 6-Jan-15 | Calculator | 26247 | 2 | 3,199.30 | olompia | 6,398.60 | Oromia REDD | BPV 972560 |
| 20 | 26-Mar-15 | Desk top computer | 748573 | 10 | 15,870.00 | N/A | 158,700.00 | MEF | BPV 972570 |
| 21 | 26-Mar-15 | Desk top computer | 748573 | 3 | 15,870.00 | N/A | 47,610.00 | Oromia REDD | BPV 972570 |
| 22 | 26-Mar-15 | External Hard Disk | 748573 | 6 | 4,255.00 | N/A | 25,530.00 | MEF | BPV 972570 |
| 23 | 26-Mar-15 | External Hard Disk | 748573 | 3 | 4,255.00 | N/A | 12,765.00 | Oromia REDD | BPV 972570 |
| 24 | 14-May-15 | Laptop Computer | 748598 | 12 | 26,335.00 | Probook 650 | 316,020.00 | MEF | BPV 972579 |
| 25 | 15-May-15 | Laptop Computer | 748598 | 8 | 26,335.00 | Probook 651 | 210,680.00 | Oromia REDD | BPV 972579 |
| 26 | 18-Jun-15 | Lether Sofa set | 748711 | 1 | 53,200.00 | N/A | 53,200.00 | MEF | BPV 972851 |
| 27 | 18-Jun-15 | Half Lether Sofa set | 748711 | 18 | 5,700.00 | N/A | 102,599.96 | MEF | BPV 972851 |
| 28 | 18-Jun-15 | High Back Chair | 748711 | 15 | 2,238.88 | N/A | 33,583.16 | MEF | BPV 972851 |
| 29 | 18-Jun-15 | Midium Back Chair | 748711 | 15 | 2,063.28 | N/A | 30,949.26 | MEF | BPV 972851 |
| 30 | 18-Jun-15 | Midium Back Chair | 748711 | 5 | 7,250.00 | N/A | 36,250.01 | MEF | BPV 972851 |
| 31 | 18-Jun-15 | Office shelf | 748711 | 15 | 7,500.00 | N/A | 112,500.02 | MEF | BPV 972851 |
| 32 | 29-Jun-15 | Executive L-Shape Table | 748710 | 1 | 42,950.00 | N/A | 42,950.00 | MEF | BPV 972864 |
| 33 | 29-Jun-15 | Executive Chair | 748710 | 2 | 23,950.00 | N/A | 47,900.01 | MEF | BPV 972864 |
| 34 | 29-Jun-15 | L-Shape Table | 748710 | 15 | 11,950.00 | N/A | 179,249.93 | MEF | BPV 972864 |
| 35 | 29-Jun-15 | Standard Table | 748710 | 15 | 3,400.00 | N/A | 50,999.97 | MEF | BPV 972864 |
| 36 | 29-Jun-15 | Coat Hanger | 748710 | 15 | 1,500.00 | N/A | 22,500.04 | MEF | BPV 972864 |
| 37 | 29-Jun-15 | Office Chair Medium | 748709 | 3 | 3,499.91 | N/A | 10,499.73 | MEF | BPV 972864 |

Reducing Emissions from Deforestation & Forest Degradation REDD+ Program
National Coordinator



| | | | | | | | | | |
|----|-----------|-----------------------|--------|---|-----------|-----|---------------------|-------------|------------|
| 38 | 29-Jun-15 | Executive Table | 748709 | 1 | 24,809.72 | N/A | 24,809.72 | MEF | BPV 972864 |
| 39 | 6-Jul-15 | Safe Box | 748712 | 1 | 10,768.00 | N/A | 10,768.00 | MEF | BPV 972884 |
| 40 | 6-Jul-15 | Secretary Chair | 748718 | 8 | 2,070.00 | N/A | 16,560.00 | MEF | BPV 972885 |
| 41 | 6-Jul-15 | 3 drawer file cabinet | 748718 | 6 | 3,950.25 | N/A | 23,701.50 | MEF | BPV 972885 |
| 42 | 6-Jul-15 | Secretary Chair | 748720 | 1 | 2,600.00 | N/A | 2,600.00 | Oromia REDD | JV-510773 |
| 43 | 7/7/2015 | Nicon D-90 Camera | 093723 | 1 | 29999.99 | N/A | 29,999.99 | Oromia REDD | JV-510783 |
| 44 | 7/7/2015 | Sony digital Camera | 093723 | 2 | 2999.01 | N/A | 5,998.02 | Oromia REDD | JV-510783 |
| 45 | 7/7/2015 | E-VIDEO Aparatus | 093723 | 4 | 3997.9975 | N/A | 15,991.99 | Oromia REDD | JV-510783 |
| 46 | 7/7/2015 | Printer 2035 | 093723 | 2 | 11024.995 | N/A | 22,049.99 | Oromia REDD | JV-510783 |
| 47 | 7/7/2015 | External Hard Disk | 093724 | 1 | 5880 | N/A | 5,880.00 | Oromia REDD | JV-510783 |
| | | | | | | | 2,128,783.14 | | |

YD

TOTAL FIXED ASSET BALANCE FOR 2013

2,128,783.14

Total

2,128,783.14

Yiebitu Moges Abebe(Dr.)
 Reducing Emissions from Deforestation &
 Forest Degradation REDD+ Project
 National Coordinator

