



TAY & Co.

Chartered Certified Accountants & Authorized Auditors
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Ref: TAY/147/08

Date: January 1, 2016

**FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA MINISTRY OF ENVIROMENT,
FOREST AND CLIMATE CHANGE GRANT NUMBER TF13450
Addis Ababa**

Dear Sirs,

MANAGEMENT LETTER

In accordance with our usual practice, we report weaknesses observed on accounting and internal control system and non compliance of tax regulation and other matters of our clients. However, during our audit of your account for the year ended 07 July 2015 no material reportable instances have come to our notice.

Accordingly we confirm that we did not issue management letter (Internal Control Memorandum) with regards to audit of your accounts for the year ended 07 July 2015.

If you need any further information please don't hesitate to contact us

Sincerely yours,


TAY & Co.
Chartered Certified Accountants &
Authorized Auditors



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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 13450**

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 TF13450

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 TF13450, 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 TF13450 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. TF013450.


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Addis Ababa
January 1, 2016

THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA MINISTRY OF
 ENVIROMENT, FOREST AND CLIMATE CHANGE
 GRANT NUMBER TF13450
 STATEMENT OF FINANCIAL POSITION
 AS AT 07 JULY 2015

Currency: Ethiopian Birr

| | <u>Notes</u> | <u>2014</u> |
|----------------------------|--------------|---------------------|
| ASSET EMPLOYEED | | |
| CURRENT ASSET | | |
| Account Receivable | | 432,120.47 |
| Cash and bank balances | 3 | 6,061,180.24 |
| | | <u>4,243,722.54</u> |
| | | 6,493,300.71 |
| CUREENT LIABILITIES | | |
| Account payables | 4 | 159,110.69 |
| | | <u>226,654.12</u> |
| | | <u>4,017,068.42</u> |
| REPRESENTED BY | | |
| Fund balance | 5 | 6,334,190.02 |
| | | <u>4,017,068.42</u> |
| | | <u>6,334,190.02</u> |



THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA MINISTRY OF
 ENVIROMENT, FOREST AND CLIMATE CHANGE
 GRANT NUMBER TF13450
 STATEMENT OF INCOME AND EXPENDITURE
 FOR THE YEAR ENDED 07 JULY 2015

Currency: Ethiopian Birr

| | <u>Notes</u> | | <u>2014</u> |
|--|--------------|-----------------------|-----------------------|
| INCOME | | | |
| Grant received from World Bank | | 14,178,301.34 | 5,030,842.07 |
| Gain on exchange rate | | <u>151,567.68</u> | <u>323,726.00</u> |
| | | 14,329,869.02 | 5,354,568.07 |
| EXPENDITURES | | | |
| Support to the National Readiness Management Arrangement | 6 | 11,470,588.11 | 5,506,845.77 |
| Support to the design of the national REDD Strategy | 7 | <u>5,176,402.51</u> | <u>854,814.52</u> |
| | | 16,646,990.62 | 6,361,660.29 |
| Excess of Expenditure over Income | | - 2,317,121.60 | - 1,007,092.22 |



**THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA MINISTRY OF
ENVIROMENT, FOREST AND CLIMATE CHANGE
GRANT NUMBER TF13450
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 three million and six hundred thousand United States Dollar (\$ 3,600,000) to assist the financing of the project.

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

The grant will have three main parts:

Part 1: Support to the National Readiness Management Arrangements

Part 2: Support to the Design of the National REDD⁺ Strategy

Part 3: Preparation of the National REDD⁺ Implementation Framework

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 balancesheet 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 TF13450
 NOTES TO THE ACCOUNTS
 FOR THE YEAR ENDED 07 JULY 2015

Currency: Ethiopian Birr

3. Cash and bank balances

Cash at bank birr account
 Cash on hand
 Fuel coupon

| | <u>2014</u> | |
|--|---------------------|---------------------|
| | 4,194,965.79 | 5,881,799.39 |
| | 0.50 | 149,380.85 |
| | - | 30,000.00 |
| | <u>4,194,966.29</u> | <u>6,061,180.24</u> |

4. Creditors and accruals

Sundry creditors
 Income tax
 Value added tax
 Withholding tax
 Provident fund payable
 Other payable

| | <u>2014</u> | |
|--|-------------------|-------------------|
| | - | 68,816.79 |
| | 154,244.06 | 48,858.40 |
| | 33,087.68 | 36,228.52 |
| | 4,411.69 | 5,206.98 |
| | 34,371.68 | - |
| | 539.01 | - |
| | <u>226,654.12</u> | <u>159,110.69</u> |

5. Fund balance

Opening balance
 Current year transfer

| | <u>2014</u> | |
|--|---------------------|---------------------|
| | 6,334,189.78 | 7,341,282.00 |
| | - 2,317,121.60 | - 1,007,092.22 |
| | <u>4,017,068.18</u> | <u>6,334,189.78</u> |



THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA MINISTRY OF
 ENVIROMENT AND FOREST REDD+
 GRANT NUMBER TF13450
 NOTES TO THE ACCOUNTS
 FOR THE YEAR ENDED 07 JULY 2015

Currency: Ethiopian Birr

6. Support to the National Readiness Management Arrangements

| | | <u>2014</u> |
|-------------------------------------|----------------------|---------------------|
| Salaries and Benefits | 2,525,627.49 | 894,777.16 |
| Professional Contractual Services | 3,687,013.48 | - |
| Training | 3,119,515.95 | 469,619.91 |
| Fees and Charges | 408,951.34 | 650,996.16 |
| Transportation and Perdiem | 255,764.63 | 420,667.93 |
| Repair and Maintenance | 409,798.90 | 394,244.75 |
| Fuel and Lubricant | 225,845.58 | 112,001.03 |
| Office Entertainment | 95,023.78 | 78,583.93 |
| Purchase of Machinery and Equipment | 481,746.03 | 583,454.63 |
| Purchase of Vehicles | - | 1,757,000.00 |
| Advertising | 34,500.00 | 18,852.00 |
| Communication | 11,377.00 | 67,009.83 |
| Closing and Uniform | 19,980.00 | - |
| Other materials and supplies | 182,408.93 | 44,242.52 |
| Various equipments and books | 0.00 | - |
| Utilities | - | 12,200.00 |
| Miscellaneous | 13,035.00 | 3,195.92 |
| | <u>11,470,588.11</u> | <u>5,506,845.77</u> |

7. Support to the design of the National REDD+ Strategy

| | | <u>2014</u> |
|-----------------------------------|---------------------|-------------------|
| Training | 2,197,264.57 | 469,619.91 |
| Fees and Charges | 201,432.63 | - |
| Professional Contractual Services | 2,195,940.53 | - |
| Printing | 581,764.78 | 44,242.52 |
| | <u>5,176,402.51</u> | <u>513,862.43</u> |



Reducing Emissions From Deforestation and Forest Degradation (REDD+) Project

Period : As of 1-Jul-15

NON EXPENDABLE PROPERTY REGISTER

FCPF FUND 013450

| S.N 0 | ACQUISITION DATE | ITEM DESCRIPTION | Model 19 No. | Tag No. | QTY | Unit Cost | Manufacturing serial no | Total Cost | Location | Remark |
|----------|---------------------|------------------------------------|-----------------|---------|-----|--------------|----------------------------|--------------|----------|------------|
| 1 | 19-Aug-13 | Stpler Joint | 154820 | | 1 | 655.5 | N/A | 655.50 | MOA | JV 74661 |
| 2 | 19-Aug-13 | Puncher | 154820 | | 6 | 181.7 | N/A | 1,090.20 | MOA | JV 74661 |
| 3 | 19-Aug-13 | Power king Divider | 154820 | | 6 | 287.5 | N/A | 1,725.00 | MOA | JV 74661 |
| 4 | 19-Aug-13 | Stapler 335 | 154820 | | 6 | 149.5 | N/A | 897.00 | MOA | JV 74661 |
| 5 | 7-May-14 | Toyota HL-Lux Plue Double Cabin | 000382 | | 1 | 1,757,000.00 | AHTFR22GXU6 079313 | 1,757,000.00 | MEF | JV 106521 |
| 6 | 22-Mar-14 | High Back Chair lether | 000363 | | 1 | 8,280.00 | N/A | 8,280.00 | MEF | BPV-349444 |
| 7 | 22-Mar-14 | Coffe Table | 000363 | | 2 | 955.83 | N/A | 1,911.67 | MEF | BPV-349444 |
| 8 | 22-Mar-14 | L-Shape Table | 000364 | | 9 | 9,950.00 | T-F7152 | 89,549.96 | MEF | BPV-349445 |
| 9 | 22-Mar-14 | Medium Back chair | 000365 | | 9 | 2,209.15 | N/A | 19,882.35 | MEF | BPV-349447 |
| 10 | 22-Mar-14 | Guest Chair | 000370 | | 12 | 1,462.80 | N/A | 17,553.60 | MEF | BPV-349446 |
| 11 | 22-Mar-14 | High Quality Executive Table | 000366 | | 1 | 13,893.04 | N/A | 13,893.04 | MEF | BPV-349448 |
| 12 | 22-Mar-14 | Book Shelf 200*40*80cm | 000366 | | 5 | 5,961.77 | N/A | 29,808.86 | MEF | BPV-349448 |
| 13 | 22-Mar-14 | Book Shelf 200*40*120cm | 000366 | | 3 | 9,177.47 | N/A | 27,532.41 | MEF | BPV-349448 |




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



| | | | | | | | | | | | |
|----|-----------|-------------------------|--------|--|-----|-----------|-----------------|--|------------|-----|------------|
| 14 | 22-Mar-14 | ZTE AXZ787 EVDO CDMA | 000371 | | 5 | 1,799.75 | N/A | | 8,998.75 | MEF | BPV-349449 |
| 15 | 22-Mar-14 | Fax Machine Canon | 000371 | | 1 | 23,000.00 | L 1380 | | 23,000.00 | MEF | BPV-349449 |
| 17 | 22-Mar-14 | External hard Dish | 000367 | | 4 | 4,500.00 | HDD2TB | | 17,999.98 | MEF | BPV-349450 |
| 18 | 22-Mar-14 | Dell Computer | 000369 | | 6 | 12,627.00 | Desk Top | | 75,762.00 | MEF | BPV-349451 |
| 19 | 22-Mar-14 | Smart APC UPS | 000368 | | 6 | 10,999.99 | 1500VA | | 65,999.95 | MEF | BPV-349452 |
| 20 | 22-Mar-14 | Printer | 000368 | | 3 | 5,162.04 | HP laserJet Pro | | 15,486.12 | MEF | BPV-349452 |
| 21 | 16-Apr-14 | Lap top computer | 000376 | | 6 | 20,585.00 | Toshiba | | 123,510.00 | MEF | BPV-349463 |
| 22 | 16-Apr-14 | L.C.D Projector | 000376 | | 1 | 13,800.00 | Sony | | 13,800.00 | MEF | BPV-349463 |
| 23 | 16-Apr-14 | Photocopier Machine | 000375 | | 1 | 26,118.80 | Sharp | | 26,118.80 | MEF | JV 106516 |
| 35 | 7/24/2014 | Computer Flat screen | 000395 | | 1 | 12627 | | | 12,627.00 | MEF | BPV-965101 |
| 36 | 6-Aug-14 | Panasonic Rx-TS3 282 | 26204 | | 2 | 3,500.00 | N/A | | 7,000.00 | MEF | JV 106562 |
| 37 | 6-Aug-14 | Terminal Box | 26204 | | 2 | 34.99 | N/A | | 69.99 | MEF | JV 106562 |
| 38 | 8-Aug-14 | Puncher | 000400 | | 10 | 158.00 | | | 1,579.99 | MEF | JV-106561 |
| 39 | 8-Aug-14 | Stapler HS200 | 000399 | | 5 | 599.15 | | | 2,995.75 | MEF | JV-106561 |
| 40 | 8-Aug-14 | Puncher heavy Duty | 000399 | | 5 | 379.50 | | | 1,897.50 | MEF | JV-106561 |
| 41 | 8-Aug-14 | Calculator CT-500 | 000399 | | 5 | 149.50 | | | 747.50 | MEF | JV-106561 |
| 42 | 8-Aug-14 | Binding Mashine A20 | 000399 | | 1 | 3,499.45 | | | 3,499.45 | MEF | JV-106561 |
| 43 | 8-Aug-14 | Calculator Olompia | 000399 | | 2 | 2,850.00 | | | 5,700.00 | MEF | JV-106561 |
| 44 | 5-Nov-14 | Excutive Chair leather | 26228 | | 1 | 21,950.00 | | | 21,950.00 | MEF | JV 510711 |
| 45 | 5-Nov-14 | managerial Table | 26228 | | 1 | 29,791.90 | | | 29,791.90 | MEF | JV 510711 |
| 46 | 5-Nov-14 | Guest Chair | 26228 | | 6 | 3,634.00 | | | 21,804.00 | MEF | JV 510711 |
| 47 | 5-Nov-14 | Sofa Set 3+1+1 with 2+1 | 26228 | | 1ps | | | | 38,827.51 | MEF | JV 510711 |

Yiebitu Moges Abebe(Dr.)
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 Forest Degradation REDD+ Project
 National Coordinator

NA



| | | | | | | | | | |
|----|-----------|---------------------|--------|----|-----------|--------------------|---------------------|------------------------|------------|
| 48 | 1-Jan-15 | color printer | 26244 | 2 | 10925 DN | LEXMark C5310 | 21,850.00 | MEF | BPV-972534 |
| 49 | 1-Jan-15 | printer | 26244 | 10 | 10062.5 | LEX Mark M56 10 DN | 100,625.00 | MEF | BPV-972534 |
| 50 | 1-Jan-15 | Photocopier Machine | 26244 | 1 | 154131.05 | Sharp MX-M453N | 154,131.05 | MEF | BPV-972534 |
| 51 | 1-Jan-15 | Scanner | 26244 | 1 | 2863.5 | HP ScanJet 300 | 2,863.50 | MEF | BPV-972534 |
| 52 | 29-Dec-14 | Secretary chair | 26240 | 1 | 1610 | N/A | 1,610.00 | Oromia REDDCPV-0331302 | |
| 53 | 3-Mar-15 | medium Back chair | 748576 | 3 | 3795 | N/A | 11,385.00 | MEF | JV 510736 |
| 54 | 3-Mar-15 | Table | 748575 | 3 | 11949.995 | | 35,849.99 | MEF | JV 510736 |
| 55 | 13-Apr-15 | Protector(Divider) | 748583 | 10 | 549.999 | | 5,499.99 | MEF | BPV-972761 |
| | | | | | | | 2,822,760.31 | | |

TOTAL FIXED ASSET BALANCE FOR 2013/14/15

YB

[Signature]

Total

2,822,760.31

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

