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Office of the Federal Auditor General
Audit Service Corporation

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS OF
ETHIOPIAN MARITIME AFFAIRS AUTHORITY
ETHIOPIA TRADE LOGISTICS PROJECT
IDA CREDIT NO. 59950-ET**

We have audited the accompanying financial statements of Ethiopian Maritime Affairs Authority, Ethiopia Trade Logistic Project, financed under IDA credit No. 59950-ET, which comprise the balance sheet as at 7 July 2023, 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

Ethiopian Maritime Affairs Authority 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 management determine 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 financial statements are free from material misstatements.

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 AUDITORS' REPORT ON
THE FINANCIAL STATEMENTS OF
ETHIOPIAN MARITIME AFFAIRS AUTHORITY
ETHIOPIA TRADE LOGISTICS PROJECT
IDA CREDIT NO. 59950-ET (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 present fairly, in all material respects, the financial position of Ethiopian Maritime Affairs Authority, Ethiopia Trade Logistics Project, financed under IDA credit No.59950-ET as at 7 July 2023, 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.

Report on Other Requirements

As required by the World Bank Guidelines and the terms of reference for financial audit, we report that, to the extent we can assess:

- a) All external financing has been used in accordance with the conditions of the relevant financing agreement with due attention to economy and efficiency, 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 agreement including specific provisions of the World Bank Procurement Policies and procedures;
- c) All necessary supporting documents, records and accounts have been maintained in respect of all Project activities (except indicated in the management letter);

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**INDEPENDENT AUDITORS' REPORT ON
THE FINANCIAL STATEMENTS OF
ETHIOPIAN MARITIME AFFAIRS AUTHORITY
ETHIOPIA TRADE LOGISTICS PROJECT
IDA CREDIT NO. 59950-ET (continued)**

Report on Other Requirements (continued)

- d) Designated account has been maintained in accordance with the provisions of the relevant financing agreement and funds disbursed out of the account, were used only for the purposes intended in the financial agreement;
- e) National laws and regulations have been complied with, and that the financial and accounting procedures approved for the Project were followed and used;
- f) The funds disbursed covered expenditures that are eligible for financing under IDA Credit No. 59950-ET;
- g) There was a clear linkage between the books of account and the financial statements;
- h) Financial performance of the Project is not satisfactory as indicated in the management letter.

Furthermore, with respect to the Interim Financial Reports (IFRs) submitted during the period and listed on page 12, in our opinion,

- i) the reports, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals;
- ii) adequate supporting documentation has been maintained to support the expenditures incurred (except indicated in the management letter); and
- iii) Which expenditures are eligible for financing under IDA Credit No. 59950-ET.

Audit Services Corporation

4 January 2024

**ETHIOPIAN MARITIME AUTHORITY
ETHIOPIA TRADE LOGISTICS PROJECT
IDA CREDIT NO. 59950-ET
BALANCE SHEET
AS AT 7 JULY 2023**

	Notes	Birr	2022 Birr
CURRENT ASSETS			
Cash and bank balances	3	656,682,582	584,009,904
Accounts receivable	4	938,234,473	877,459,163
Goods in transit	5	101,532,640	58,040,567
		<u>1,696,449,695</u>	<u>1,519,509,634</u>
CURRENT LIABILITIES			
Accounts payable	6	<u>121,048,986</u>	<u>19,090,810</u>
NET CURRENT ASSET		<u>1,575,400,709</u>	<u>1,500,418,824</u>
REPRESENTED BY			
FUND BALANCE	7	<u>1,575,400,709</u>	<u>1,500,418,824</u>

**ETHIOPIAN MARITIME AUTHORITY
ETHIOPIA TRADE LOGISTICS PROJECT
IDA CREDIT NO. 59950-ET
STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED 7 JULY 2023**

SOURCES	Notes	<u>Birr</u>	Cumulative 8	2022
			Nov.2016 to 7 July 2023	<u>Birr</u>
IDA – IFR Procedures	8	749,514,327	2,636,338,023	997,127,588
IDA – Direct Payments		157,404,500	300,397,616	67,428,035
IDA _Special commitment		-	298,807,346	7,406,277
Gain on foreign exchange		37,951,807	210,174,970	113,879,322
Other income		74,895	639,593	15,594
		<u>944,945,529</u>	<u>3,446,357,548</u>	<u>1,185,856,816</u>
USES				
Regulatory and institutional capacity support	9	<u>869,944,745</u>	<u>1,870,937,939</u>	<u>858,306,299</u>
EXCESS OF SOURCES OVER USES		<u>75,000,784</u>	<u>1,575,419,608</u>	<u>327,550,517</u>

**ETHIOPIAN MARITIME AUTHORITY
ETHIOPIA TRADE LOGISTICS PROJECT
IDA CREDIT NO. 59950-ET
DESIGNATED ACCOUNT STATEMENT**

For period ended 7 July 2023
 Account number 100721300009
 Depository bank National Bank of Ethiopia
 Address Addis Ababa, Ethiopia
 Related credit IDA 5995-ET
 Currency USD

	<u>USD</u>	<u>Birr</u>
Opening balance – 8 July 2022	10,733,634	564,052,479
Add: Advance received from the World Bank	<u>14,255,501</u>	<u>749,514,327</u>
	24,989,135	1,313,566,806
Other income	<u>-</u>	<u>-</u>
	24,989,135	1,313,566,806
Less: Transfer to Birr account	-	-
Expenditure/Payments	<u>13,170,528</u>	<u>705,786,573</u>
		607,780,233
Add: Gain on foreign exchange	<u>-</u>	<u>37,951,807</u>
Ending balance 07 July 2023	<u>11,818,607</u>	<u>645,732,040</u>

**ETHIOPIAN MARITIME AUTHORITY
ETHIOPIA TRADE LOGISTICS PROJECT
IDA CREDIT NO. 59950-ET
NOTES TO THE FINANCIAL STATEMENTS**

1. PROJECT INFORMATION

The Federal Democratic Republic of Ethiopia and the International Development Association (IDA) entered into an agreement dated 7 April 2017 to finance the Trade Logistics Project. The later agreed to extend to the former a credit in an amount equivalent to SDR110,400,000 to assist in financing the mentioned Project. The closing date of the agreement which was originally set for July 7, 2022, has been prolonged by two years to July 8, 2024. The Project will be implemented by the Ministry of Transport through the Ethiopian Maritime Authority.

The objective of the Project is to enhance the performance of the Ethio -Djibouti corridor through improvements in operational capacity, efficiency and range of logistics services while enhancing private sector participation at Modjo Dry Port.

The Project consists of three components:

Component 1: Improvement of infrastructure at Modjo;

Component 2: Enhancing coordination through investments in IT systems; and

Component 3: Regulatory and Institutional Capacity Support.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

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. In addition any prepayment paid during the year is recognized as an expenditure at the time of payment regardless of the period covered

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. Foreign currency balances are translated into Birr at the exchange rates ruling at the balance sheet date.

**ETHIOPIAN MARITIME AUTHORITY
ETHIOPIA TRADE LOGISTICS PROJECT
IDA CREDIT NO. 59950-ET
NOTES TO THE FINANCIAL STATEMENTS (continued)**

3. CASH AND BANK BALANCES

	Birr	2022 Birr
National Bank of Ethiopia Accounts:		
USD Account no. 0100721300009	645,732,040	564,052,479
Birr Account no. 0100721040019	<u>10,889,309</u>	<u>19,924,538</u>
	656,621,349	583,977,017
Cash on Hand	<u>61,233</u>	<u>32,887</u>
	<u>656,682,582</u>	<u>584,009,904</u>

4. ACCOUNTS RECEIVABLE

	Birr	2022 Birr
EMA	10,595,850	
Advance -CCECC	920,490,512	869,949,122
Advance-Tsemex Global Enterprise plc	6,950,005	6,950,005
National Oil Ethiopia	149,001	109,889
Other receivables	39,105	295,401
Staff debtors	<u>10,000</u>	<u>154,745</u>
	<u>938,234,473</u>	<u>877,459,163</u>

5. GOODS IN TRASIT

SUPPLIERS

	Birr	2022 Birr
Buisscar Cargo Solution	-	4,299,936
WEIHUA Heavy Machinery	<u>101,532,640</u>	<u>53,740,632</u>
	<u>101,532,640</u>	<u>58,040,567</u>

**ETHIOPIAN MARITIME AUTHORITY
ETHIOPIA TRADE LOGISTICS PROJECT
IDA CREDIT NO. 59950-ET**

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. ACCOUNTS PAYABLE

	<u>Birr</u>	<u>2022 Birr</u>
Payable to contractor-CCECC	34,059,640	-
Pension contribution payable	338,143	145,033
Withholding tax payable	2,609,622	2,103,922
Income tax payable	1,091,552	605,017
VAT payable	9,799,163	7,309,751
Retention	73,093,256	8,923,958
Other Payables	53,700	905
Staff payable	3,908	2,224
	<u>121,048,986</u>	<u>19,090,810</u>

7. FUND BALANCE

	<u>Birr</u>	<u>2022 Birr</u>
Balance as at 8 July 2022	1,500,418,824	1,172,868,307
Prior year adjustment	(18,899)	-
Excess of sources over uses	75,000,784	327,550,517
Balance as at 7 July 2023	<u>1,575,400,709</u>	<u>1,500,418,824</u>

8. IDA – IFR PROCEDURES

	<u>USD</u>	<u>Birr</u>
Transfer from IDA - Date -27/09/2022	14,255,501	749,514,327
	<u>14,255,501</u>	<u>749,514,327</u>

**ETHIOPIAN MARITIME AUTHORITY
ETHIOPIA TRADE LOGISTICS PROJECT
IDA CREDIT NO. 59950-ET
NOTES TO THE FINANCIAL STATEMENTS (continued)**

9. REGULATORY AND INSTITUTIONAL CAPACITY SUPPORT

	<u>Birr</u>	<u>2022</u> <u>Birr</u>
Wages to contract staff	28,494,407	23,448,301
Labor charge	-	45,097
Pension contribution	2,566,626	2,273,162
Office supplies	936,000	407,957
Printings	801,652	62,804
Fuel and lubricants	1,365,230	233,006
Other Materials & Supplies	1,936,710	394,711
Miscellaneous Equipments	-	5,932
Per diem and room charge	3,375,503	1,910,048
Transport Expense	-	432,778
Office refreshment	248,876	2,193,976
Maintenance and repair of vehicle	1,238,280	494,955
Furniture maintenance	1,200	3,490
Consultancy service	48,647,542	8,831,607
Rent	26,041,378	2,664,119
Advertising	36,665	621,036
Insurance	124,160	103,515
Fees & charges	9,106,421	3,573,375
Telephone expense	293,120	247,525
Training expense-local	2,462,097	2,027,325
Training Expense(Abroad)	-	1,202,745
Plant & Machinery	1,714,900	702,096,011
Office equipment	-	2,135,075
Office Furniture & Fixtures	-	207,122
Infrastructural Development	740,235,478	102,686,629
Uniform	289,125	-
Utility	29,375	-
Miscellaneous	-	4,000
	<u>869,944,745</u>	<u>858,306,299</u>

**ETHIOPIAN MARITIME AUTHORITY
ETHIOPIA TRADE LOGISTICS PROJECT
IDA CREDIT NO. 59950-ET
NOTES TO THE FINANCIAL STATEMENTS (continued)**

10. DATE OF AUTHORIZATION

The Manager of Ethiopia Trade Logistics Project authorized the issue of these financial statement on 4 January 2024.

ETHIOPIAN MARITIME AUTHORITY
ETHIOPIA TRADE LOGISTICS PROJECT
IDA CREDIT NO. 59950-ET
IFR WITHDRAWAL SCHEDULE
FOR APPLICATIONS SUBMITTED DURING THE YEAR ENDED 7 JULY 2023

	<u>USD</u>	<u>BIRR</u>
1st Quarter	14,255,501.00	749,514,327
2nd Quarter	-	-
3rd Quarter	-	-
4th Quarter	-	-
	<u>14,255,501.00</u>	<u>749,514,327</u>