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**AUDIT SERVICES
CORPORATION**

ETHIOPIAN ELECTRIC UTILITY
ETHIOPIAN ELECTRIFICATION PROGRAM (ELEAP)
IDA CREDIT No. 61580-ET AND IDA CREDIT No.61570-ET
Parts 1,2,3(a),3(c),3(d),3(f),3(g) and 3(h)
INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
7 JULY 2023



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Office of the Federal Auditor General
Audit Service Corporation

**INDEPENDENT AUDITORS' REPORT TO THE
SUPERVISING AUTHORITY OF
ETHIOPIAN ELECTRIC UTILITY**

We have audited the financial statements of Ethiopian Electric Utility, Ethiopia Electrification Program, financed under IDA Credit No. 61580-ET (Regular Credit) and IDA Credit No. 61570-ET (Scale up Facility Credit), Parts 1,2,3(a),3(c),3(d),3(f),3(g) and 3(h) which comprise the balance sheet as at 7 July 2023 and the statement of sources and uses of funds and the Designated Account statement for the year ended 7 July 2023, and a summary of significant accounting policies and other explanatory information.

Chief Executive Officer's Responsibility for the Financial Statements

The Chief Executive Officer of Ethiopian Electric Utility is responsible for preparation of financial statements that give a true and fair view under the modified cash basis of accounting as described in note 2 to the financial statements 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 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 TO THE
SUPERVISING AUTHORITY OF
ETHIOPIAN ELECTRIC UTILITY (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 give a true and fair view of the financial position of Ethiopian Electric Utility, Ethiopia Electrification Program, financed under IDA Credit No.61580-ET (Regular Credit) and IDA Credit No.61570-ET (Scale up Facility Credit) Parts 1,2,3(a),3(c),3(d),3(f),3(g) and 3(h), as at 7 July 2023 and of its sources and uses of funds for the year ended 7 July 2023 in accordance with the modified cash basis of accounting described in note 2 to the financial statements.

Report on Other Requirements

In our opinion

- during the period IDA funds have been used in accordance with the conditions of the relevant financing agreement and only for the purposes for which the financing was provided;
- counterpart funds have been provided and used in accordance with the financing agreement, and only for the purposes for which the financing was provided;
- goods, works and services financed have been provided in accordance with the relevant financing agreement and disbursement letters;
- all necessary supporting documents, records and accounts have been maintained in respect of all activities of the program;
- the funds disbursed covered expenditures that are eligible for financing under IDA Credit No. 61580-ET and IDA Credit No. 61570- ET- Parts 1, 2, 3(a), 3(c), 3(d), 3(f), 3(g) and 3(h).
- Financial performance of the program is satisfactory;
- our examination revealed no weaknesses or irregularities in the systems of internal controls over financial expenditure;
- the Designated Account has been maintained in accordance with the provisions of the financing agreement and funds disbursed out of the said Account were used only for the purposes intended in the financing agreement.

Audit Services Corporation

23 October 2023



ETHIOPIA ELECTRIFICATION PROGRAM
 IDA CREDIT NO.61580-ET AND IDA CREDIT NO 61570-ET
 Parts 1,2,3(a),3(c),3(d),3(f),3(g) and 3(h)
 BALANCE SHEET
 AS AT 7 JULY 2023

	Notes	2023		2022	
		USD	Ethiopian Birr	USD	Ethiopian Birr
<u>ASSETS</u>					
<u>CURRENT ASSETS</u>					
Advance to suppliers		3,875,414	133,706,209	2,132,666	44,154,273
Cash at bank	3	192,294,986	10,506,401,910	164,019,773	8,533,899,554
		<u>196,170,400</u>	<u>10,640,108,119</u>	<u>166,152,439</u>	<u>8,578,053,827</u>
<u>REPRESENTED BY</u>					
FUND BALANCE	4	<u>196,170,400</u>	<u>10,640,108,119</u>	<u>166,152,439</u>	<u>8,578,053,827</u>



**ETHIOPIAN ELECTRIC UTILITY
ETHIOPIA ELECTRIFICATION PROGRAM (ELEAP)
IDA CREDIT NO.61580-ET AND IDA CREDIT NO 61570-ET**

**Parts 1,2,3(a),3(c),3(d),3(f),3(g) and 3(h)
DESIGNATED ACCOUNT STATEMENT**

For year ended	7 July 2023
Account number	0101181300064
Depository bank	National Bank of Ethiopia
Address	Addis Ababa, Ethiopia
Related credit	IDA 61580 - ET
Currency	USD

	<u>USD</u>	<u>Equivalent in Birr</u>
Ending balance 7 July 2022	164,019,773.23	8,533,899,554
Add: Additional deposit	59,864,056.40	3,244,603,918
Refund	<u>147,740.00</u>	<u>7,830,665</u>
	224,031,569.63	11,786,334,137
Less: Payment for goods and services	<u>(31,736,582.96)</u>	<u>(1,716,058,947)</u>
	192,294,986.67	10,070,275,190
Gain on foreign exchange		<u>436,126,720</u>
Ending balance 7 July 2023	<u>192,294,986.67</u>	<u>10,506,401,910</u>



**ETHIOPIAN ELECTRIC UTILITY
ETHIOPIA ELECTRIFICATION PROGRAM (ELEAP)
IDA CREDIT NO. 61580-ET AND IDA CREDIT NO.61570-ET**

**Parts 1,2,3(a),3(c),3(d),3(f),3(g) and 3 (h)
NOTES TO THE FINANCIAL STATEMENTS
7 JULY 2023**

1. PROGRAM INFORMATION

Two financing agreements were signed on 9 March 2018 between the Federal Democratic Republic of Ethiopia and the International Development Association (IDA) to finance the implementation of Ethiopia Electrification Program.

The objectives of the Program are to increase access to electricity in Ethiopia and to enhance institutional capacity for planning and implementation of the Government's electrification Program.

As per the financing agreements, IDA agrees to provide the amount of USD 125,000,000 ("Scale-up Facility Credit") under Credit No. 6157-ET and to extend a credit in an amount equivalent to SDR 176,900,000 (Regular Credit) under Credit No.6158-ET.

A Program agreement was also signed on the same date between IDA and Ethiopian Electric Utility (EEU) to implement the Program. EEU, the Program Implementing Entity, will carry out Parts 1, 2, 3(a), 3(c), 3(d), 3(f), 3(g) and 3(h) of the Program. Furthermore, a subsidiary agreement was signed on the same date between the Ministry of Finance and EEU to facilitate the implementation of the Program.

The Project became effective on 07 June 2018 and is expected to be closed on 7 July 2023.

2 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

These financial statements have been prepared on a modified cash basis whereby non-monetary assets are expensed when acquired and monetary assets and liabilities are carried at fair value.

b) Currency

Transactions in foreign currency are translated into Birr at the approximate rate of exchange prevailing at the date of the transaction. Cash balances denominated in foreign currencies are translated into Birr at the exchange rates ruling at the balance sheet date.



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3. BANK BALANCES

	<u>USD</u>	<u>Ethiopian Birr</u>	<u>2022</u>	<u>Ethiopian Birr</u>
National Bank of Ethiopia- A/c No. 0101181300064	<u>192,294,986.67</u>	<u>10,070,275,190</u>	<u>164,019,773.2</u>	<u>8,533,899,554</u>

4. ACUMMULATED FUND

	<u>USD</u>	<u>Ethiopian Birr</u>
Ending balance 7 July 2022	166,152,439	8,578,053,827
Add: Excess of sources over use for the year	<u>30,017,961</u>	<u>2,062,054,292</u>
Ending balance 7 July 2023	<u>196,170,400</u>	<u>10,640,108,119</u>

5. DATE OF AUTHORIZATION

The Chief Executive Officer of Ethiopian Electric Utility authorized the issue of these financial statements on 23 October 2023.

