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AUDIT SERVICE CORPORATION

MINISTRY OF HEALTH
OF THE GOVERNMENT OF THE FEDERAL DEMOCRATIC
REPUBLIC OF EHTIOPIA
ETHIOPIA HEALTH EMERGENCY PREPAREDNESS,
RESPONSE AND RESILIENCE PROJECT (P180127)
IDA GRANT NUMBER E229-ET
INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
7 JULY 2025

**INDEPENDENT AUDITOR'S REPORT ON THE
FINANCIAL STATEMENTS OF
MINISTRY OF HEALTH OF THE GOVERNMENT OF
THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
ETHIOPIA HEALTH EMERGENCY PREPAREDNESS,
RESPONSE, AND RESILIENCE PROJECT (P180127)
IDA GRANT NUMBER E229-ET**

We have audited the financial statements of Ministry of Health of the Government of the Federal Democratic Republic of Ethiopia, Ethiopia Health Emergency Preparedness, Response, and Resilience Project (P180127), financed under IDA Grant No.E229-ET, which comprise the balance sheet as at 7 July 2025, and the statement of sources and uses of funds and a Designated Account statement for the period from 12 August 2024 to 7 July 2025, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Ministry of Health 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 the Ministry 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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ETHIOPIA HEALTH EMERGENCY PREPAREDNESS,
RESPONSE, AND RESILIENCE PROJECT (P180127)
IDA GRANT NUMBER E229-ET (continued)**

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Ministry of Health of the Government of the Federal Democratic Republic of Ethiopia, Health Emergency Preparedness, Response, and Resilience Program, financed under IDA Grant No.E229-ET, as at 7 July 2025 and of its sources and uses of funds and designated account statements for the period from 12 August 2024 to 7 July 2025 in accordance with the Ethiopian Government's Manual of the Federal Accounting System which is based on modified cash basis of accounting.

Report on Other Requirements

As required by the terms of reference for external audit of the Project, we report that, to the extent we can assess:

- all World Bank 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;
- goods, works and non-consulting services financed have been procured in accordance with the relevant financing agreement including specific provisions of the World Bank Procurement Policies and Procedures;
- all necessary supporting documents, records and accounts have been maintained in respect of all Project activities;
- Designated Account has been maintained in accordance with the provisions of the relevant financing agreement and funds disbursed out of the Designated Account were used only for the purposes intended in the financing agreement;
- National laws and regulations have been complied with and that the financial and accounting procedures approved for the Project;
- financial performance of the Project is satisfactory;
- the funds disbursed covered expenditures that are eligible for financing under IDA Credit No 6587-IW and IDA Grant No. D594-IW;
- assets procured from Project funds exist and there is a verifiable ownership by the implementing agency or beneficiaries in line with the financing agreement;

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THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
ETHIOPIA HEALTH EMERGENCY PREPAREDNESS,
RESPONSE, AND RESILIENCE PROJECT (P180127)
IDA GRANT NUMBER E229-ET (continued)**

- with respect to Interim Financial Report submitted during the period from 12 August 2024 to 7 July 2025 and listed on page 9, in our opinion:
 - a) the statements, together with the procedures and internal controls involved in their preparation, can be relied upon to support the relevant withdrawals;
 - b) adequate supporting documentation has been maintained to support claims to the IDA for reimbursements of expenditures incurred; and
 - c) which expenditures are eligible for financing under IDA Grant No. E229-ET.

26 December 2025

Audit Service Corporation

**INDEPENDENT AUDITOR'S REPORT ON THE
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 THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
 ETHIOPIA HEALTH EMERGENCY PREPAREDNESS,
 RESPONSE, AND RESILIENCE PROJECT (P180127)
 IDA GRANT NUMBER E229-ET
 STATEMENT OF SOURCES AND USES OF FUNDS
 FOR THE PERIOD FROM 12 AGUST 2024 TO 7 JULY 2025**

	Note	Ethiopian Birr
FINANCING		
Credits and grant from IDA		
Initial deposit to Designated Account		2,920,334,065
Direct payments		133,456,365
Gain on foreign exchange		<u>638,240,608</u>
TOTAL FINANCING		<u>3,692,031,038</u>
PROJECT EXPENDITURE		
Strengthening the Preparedness and Resilience of the Health System to Manage Health Emergencies		319,576,515
Improving Early Detection and Response to HEs through a multisectorial approach		152,366,921
Project Management		<u>52,972,481</u>
TOTAL PROJECT EXPENDITURE		<u>524,915,917</u>
EXCESS OF FINANCING OVER EXPENDITURE		<u>3,167,115,121</u>

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 RESPONSE, AND RESILIENCE PROJECT (P180127)
 IDA GRANT NUMBER E229-ET
 BALANCE SHEET
 AS AT 7 JULY 2025

	Note	Ethiopian Birr
<u>ASSETS</u>		
Cash and bank balances	3	1,883,923,657
Advance payment	4	<u>1,283,713,727</u>
		3,167,637,384
CURRENT LIABILITIES		
Accounts payable	5	<u>522,263</u>
NET CURRENT ASSETS		<u>3,167,115,121</u>
<u>REPRESENTED BY</u>		
ACCUMULATED FUND		<u>3,167,115,121</u>

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RESPONSE AND RESILIENCE PROJECT (180127)
IDA GRANT NUMBER E229-ET
DESIGNATED ACCOUNT STATEMENT**

For year ended	7 July 2025
Account number	0100081300163
Depository bank	National Bank of Ethiopia
Address	Addis Ababa, Ethiopia
Currency	USD

	USD	Equivalent in Ethiopian Birr
Initial deposit	<u>27,100,453.83</u>	<u>2,920,334,064.54</u>
Less payments		
Transfer to NBE Birr account	41,459.51	5,000,000.00
Transfer to CBE Birr account	3,010,684.53	400,000,000.00
Transfer to pool-MOH CBE Birr account	331,569.19	42,285,250.22
Advance to EPHI	4,713,076.37	587,268,053.83
Advance to EFDA	617,632.47	79,091,357.32
Advance to AHIR	970,000.00	120,173,300.00
Transfer to Regions	<u>3,654,677.53</u>	<u>460,858,345.22</u>
	13,399,099.60	<u>1,694,676,306.59</u>
		<u>1,225,657,757.95</u>
Add: Gain on foreign exchange	<u>-</u>	<u>638,240,607.57</u>
Ending balance 7 July 2025	<u>13,761,354.23</u>	<u>1,863,898,364.52</u>

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RESPONSE AND RESILIENCE PROJECT (180127)
IDA GRANT NUMBER E229-ET
NOTES TO THE FINANCIAL STATEMENTS**

1. INTRODUCTION

1.1 Program Background

According to the World Bank PROJECT APPRAISAL DOCUMENT of MPA Program, which builds on the success of the COVID-19 Strategic Preparedness and Response Program, Ethiopia was recovering successfully from the COVID-19 pandemic and has made strides in health emergency preparedness and resilience, but more needs to be done.

And with the development objective to strengthen health system resilience and multispectral preparedness and response to Health Emergencies in Eastern and Southern Africa, the International Development Association (IDA) has agreed to assist those three participating countries including Ethiopia in the financing of the project titled "Health Emergency Preparedness, Response, and Resilience Program Using The Multiphase Programmatic Approach project (HEPRR)". For Implementation of the project The Federal Democratic Republic of Ethiopia and the International Development Association (IDA) have signed the Grant Number-E229-ET Financing Agreement on the 12th of December 2023.

The Project constitutes a phase of the MPA Program and aiming to strengthen health system resilience and multisector preparedness and response to Health Emergencies in Ethiopia

According to the Financing Agreement the Association agreed to extend a grant to The Federal Democratic Republic of Ethiopia as Concessional Financing in an amount equivalent to SDR 145,300,000 to assist in financing the project.

The project will benefit communities in Ethiopia, especially poor households, disadvantaged women and girls especially in remote areas, communities bordering other countries in the east Africa, refugees, and other populations that are at high risk of epidemic disease.

The effectiveness deadline is the date 90 days after the signature Date (12th of December 2023) and 31 March 2030 set to be the project closing date.

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 MINISTRY OF HEALTH OF THE GOVERNMENT OF
 THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
 ETHIOPIA HEALTH EMERGENCY PREPAREDNESS,
 RESPONSE, AND RESILIENCE PROJECT (P180127)
 IDA GRANT NUMBER E229-ET
 NOTES TO THE FINANCIAL STATEMENTS

1.2 The Overall Budget of the Project

The budget breakdown of the program is as shown below:

Budget categories	USD	Birr
Component 1	147,000,000	14,994,000,000
Component 2	38,000,000	3,876,000,000
Component 3	10,000,000	1,020,000,000
	195,000,000	19,890,000,000

And the budget utilization status is summarized below

Budget Line	Budgeted Expenditures 8.July 2024 to 7.July 2025	Actual Expenditure 8.July 2024 to 7.July 2025
Component 1: Strengthening the preparedness and resilience of regional and national health systems to manage Health Emergencies	2,674,931,747	319,576,515
Component 2: Improving the detection and response to HEs at the regional and national levels through multisectoral approach	<u>775.189.717</u>	<u>152.366.920</u>
Component 3: Program Management	<u>502.084.111</u>	<u>52.972.480</u>
TOTAL	<u>3.952.205.575</u>	<u>524.915.915</u>

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MINISTRY OF HEALTH OF THE GOVERNMENT OF
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RESPONSE, AND RESILIENCE PROJECT (P180127)
IDA GRANT NUMBER E229-ET
NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES

2.2 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.

2.3 Currency

These financial statements are presented in Ethiopian Birr. Transactions in foreign currencies are translated into Birr at the approximate rates of exchange prevailing at the dates of the transactions. Cash balances denominated in foreign currencies are translated into Birr at the exchange rates ruling at the balance sheet date.

3. CASH AND BANK BALANCES

	Ethiopian Birr
National Bank of Ethiopia USD Designated Account No.0100081300163	1,863,898,365
No.0100081040184	4,552,617
Commercial bank of Ethiopia	<u>15,472,675</u>
	<u>1,883,923,657</u>

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 RESPONSE, AND RESILIENCE PROJECT (P180127)
 IDA GRANT NUMBER E229-ET
 NOTES TO THE FINANCIAL STATEMENTS

4. ADVANCE PAYMENTS

	Ethiopian Birr
Advances to	
Suppliers (UNOPS)	133,456,365
Regional Health Bureaus	284,672,590
Contractors	32,951,810
Other implementers (AHRI, EPHI, EFDA)	686,305,488
Inter project account (Covid-19)	145,335,490
Staff receivable	<u>991,984</u>
	<u>1,283,713,727</u>

5. ACCOUNTS PAYABLE

	Ethiopian Birr
VAT payable	380,982
Withholding tax payable	<u>141,281</u>
	<u>522,263</u>

6. DATE OF AUTHORIZATION

The Finance Executive Officer of the Ministry authorized the issue of these financial statements on 26 December 2025.

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 ETHIOPIA HEALTH EMERGENCY PREPAREDNESS,
 RESPONSE, AND RESILIENCE PROJECT (P180127)
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 INTERIM FINANCIAL REPORT SUBMITTED DURING
 THE PERIOD FROM 12 AUGUST 2024 TO 7 JULY 2025

Expenditure component No	Quarter 2 Birr	Quarter 3 Birr	Quarter 4 Birr	Total Birr
1	29,203,842	61,477,970	228,894,703	319,576,515
2	23,262,654	46,568,750	82,535,517	152,366,921
3	<u>59,500</u>	<u>4,618,246</u>	<u>48,294,734</u>	<u>52,972,480</u>
Total	<u>52,525,996</u>	<u>112,664,966</u>	<u>359,724,954</u>	<u>524,915,916</u>

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 MINISTRY OF HEALTH OF THE GOVERNMENT OF
 THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
 ETHIOPIA HEALTH EMERGENCY PREPAREDNESS,
 RESPONSE, AND RESILIENCE PROJECT (P180127)
 IDA GRANT NUMBER E229-ET
 SOE WITHDRAWAL SCHEDULE
 For application submitted during the
 THE PERIOD FROM 12 AUGUST 2024 TO 7 JULY 2025

<u>Application No.</u>	<u>Amount Requested USD</u>	<u>Amount Disbursed USD</u>	<u>Equivalent Birr</u>
MOH-HEPRRP-001	27,100,453.83	27,100,453.83	2,920,334,064.54
MOH-HEPRRP-003	<u>995,000.00</u>	<u>995,000.00</u>	<u>133,456,365.00</u>
	<u>28,095,453.83</u>	<u>28,095,453.83</u>	<u>3,053,790,429.54</u>