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**AUDITORS' REPORT ON THE FINANCIAL STATEMENTS
OF**

**DEVELOPMENT BANK OF ETHIOPIA WOMEN
ENTREPRENEURSHIP DEVELOPMENT PROJECT GRANT
NUMBER P122764, IDA 51120 (F.ROT/AID 15/010/00)**

AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

TAY

**Authorized Accountants & Auditors
Addis Ababa, Ethiopia**

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Authorized Accountants and Auditors
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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF
DEVELOPMENT BANK OF ETHIOPIA WOMEN ENTREPRENEURSHIP
DEVELOPMENT PROJECT NUMBER P122764, IDA NO.51120 (FT.ROT/AID15/010/00)**

Opinion

We have audited the accompanying financial statements of Development Bank of Ethiopia Women Entrepreneurship Development project Number P122764, IDA No.51120 (FT.ROT/AID15/010/00), which comprise statements of financial position as at 30 June 2020, statements of source and uses of fund, and a summary of significant accounting policies and other explanatory notes for the year then ended. . We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Development Bank of Ethiopia Women Entrepreneurship Development project Number P122764, IDA No.51120 (FT.ROT/AID15/010/00). as at 30 June 2020, its financial performance and Operating result for the year then ended in accordance with the accounting policy of the Project.

In addition, with respect to the statement of expenditure submitted during the year ended 30 June 2020, in our opinion.

- a. The statements, together with the procedures and initial control 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 IDA for reimbursements of expenditures incurred: and
- c. Expenditures are eligible for financing under IDA No.51120 (FT.ROT/AID15/010/00),

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the international Ethics Standards Board for Accountants' code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ethiopia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Management and those Charged with Governance for the Financial Statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting policy of the Project, and for such internal control as management determines is necessary to enable the preparation of a project report that is free from material misstatement, whether due to fraud or error.



Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the project report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Yeheyis Bekele BA, FCCA.


TAY Authorized
Accountants & Auditors



Addis Ababa
December 29, 2020

DEVELOPMENT BANK OF ETHIOPIA
WOMEN ENTREPRENEURSHIP DEVELOPMENT PROJECT
NUMBER P122764,IDA 51120 (F.ROT/AID 15/010/00)
BALANCE SHEET
AS AT 30 JUNE 2020

CURRENCY: ETHIOPIAN BIRR

	<u>Notes</u>	<u>Birr</u>	<u>2019 Birr</u>
ASSETS			
Current assets			
Receivables	4,annex 2.2	1,891,518,232	1,255,393,890
Cash at Bank	5	2,476,132	212,103,448
Total assets		1,893,994,364	1,467,497,338
LIABILITIES			
Current liabilities			
Creditors	6	1,874,872,251	1,462,358,759
Net current asset		19,122,113	5,138,579
Represented by			
Fund Balance	3d, 7	19,122,114	5,138,580



CURRENCY: ETHIOPIAN BIRR

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DEVELOPMENT BANK OF ETHIOPIA
WOMEN ENTREPRENEURSHIP DEVELOPMENT PROJECT
NUMBER P122764,IDA 51120 (F.ROT/AID 15/010/00)
STATEMENT OF DESIGNATED ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020

Account number:

101171300040

Depository Bank

National Bank of Ethiopia

Address:

Addis Ababa, Ethiopia

Related Grant :

F.ROT/AID 15/010/00

Currency

EURO

Beginning balance

-

3,190,049.77

Add: Transfer from Cassa IDC (S.P.A.) fund A/C

-

4,999,925.00

-

8,189,974.77

Less: Transfer from EURO A/C to Fund Birr A/C
 Loan given to Micro Finances during the year
 Bank service charge

-

(8,189,974.77)

-

-

-

-

-

(8,189,974.77)

Ending Balance of Trust Fund

-

-



DEVELOPMENT BANK OF ETHIOPIA
WOMEN ENTREPRENEURSHIP DEVELOPMENT PROJECT
NUMBER P122764,IDA 51120 (F.ROT/AID 15/010/00)
STATEMENT OF DESIGNATED ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020

Account number:
Depository Bank
Address:
Related Grant :
Currency

0100381040072
National Bank of Ethiopia
Addis Ababa, Ethiopia
F.ROT/AID 15/010/00
Birr

		<u>2019</u>
Beginning balance	163,547,790.86	9,724,718.92
Add: Transfer from EURO A/C	-	262,267,319.94
	<u>163,547,790.86</u>	<u>271,992,038.86</u>
Less: Loan given to Micro Finances during the year	163,022,013.00	108,444,248.00
Bank service charge	-	-
	<u>163,022,013.00</u>	<u>108,444,248.00</u>
Ending Balance of Trust Fund	<u>525,777.86</u>	<u>163,547,790.86</u>



DEVELOPMENT BANK OF ETHIOPIA
WOMEN ENTREPRENEURSHIP DEVELOPMENT PROJECT
NUMBER P122764,IDA 51120 (F.ROT/AID 15/010/00)
STATEMENT OF DESIGNATED ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020

Account number:
 Depository Bank
 Address:
 Related Grant :
 Currency

101171300040
 National Bank of Ethiopia
 Addis Ababa, Ethiopia
 F.ROT/AID 15/010/00
 JPY

Beginning balance

Add: Transfer from Cassa JAICA to fund A/C

Less: Transfer from to Fund Birr A/C

Loan given to Micro Finances during the year
 Bank service charge

Ending Balance of Trust Fund

2019

-	
1,543,260,354.00	3,956,739,646.00
<u>1,543,260,354.00</u>	<u>3,956,739,646.00</u>
1,542,484,723.98	3,954,757,277.00
-	
775,630.02	1,982,369.00
<u>1,543,260,354.00</u>	<u>3,956,739,646.00</u>
-	-



DEVELOPMENT BANK OF ETHIOPIA
WOMEN ENTREPRENEURSHIP DEVELOPMENT PROJECT
NUMBER P122764,IDA 51120 (F.ROT/AID 15/010/00)
STATEMENT OF DESIGNATED BIRR ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020

Account number:
 Depository Bank
 Address:
 Related Grant :
 Currency

101171040005
 National Bank of Ethiopia
 Addis Ababa, Ethiopia
 F.ROT/AID 15/010/00
 BIRR

		<u>2019</u>
Beginning balance	48,555,657.24	-
Add: Transfer from JPY A/C	426,497,026.18	979,988,853.24
	<u>475,052,683.42</u>	<u>979,988,853.24</u>
Less: Loan given to Micro Finances during the year	473,102,329.00	931,433,196.00
Bank service charge	-	-
	<u>473,102,329.00</u>	<u>931,433,196.00</u>
Ending Balance of Trust Fund	<u>1,950,354.42</u>	<u>48,555,657.24</u>



DEVELOPMENT BANK OF ETHIOPIA
WOMEN ENTREPRENEURSHIP DEVELOPMENT PROJECT
NUMBER P122764,IDA 51120 (F.ROT/AID 15/010/00)
NOTES TO THE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2020

CURRENCY: ETHIOPIAN BIRR

1. Background of the project

Financing agreement was signed between Ministry of Finance (MoF) on behalf of the Federal Democratic Republic of Ethiopia and Cassa depositi e prestiti (S.P.A.)/JAICA respectively on August 4,2016/February 24,2017 and on August 9,2016/ July 21,2017 according to which a soft loan up to a maximum amount of EURO 15,000,000.00 (fifty million)and JPY 5.5 Billion respectively is available in the form of credit to implement the activities of the Women Entrepreneurship Development project, under credit agreement No P122764,IDA 51120(F.ROT/AID 15/010/00).The project is implemented through under subsidiary loan agreement between Ministry of Finance (MoF) and the Development Bank of Ethiopia (DBE) to act as implementing agency for establishment and operation of a credit facility providing access to finance for working capital for qualifying growth-oriented micro and small enterprises owned or partly owned by female entrepreneurs. The objective of the project is to increase the earning and employment of Micro and small enterprises (MSEs) fully or partially owned by female entrepreneurs in the targeted cities.

2. Scope of the audit

The audit of the project carried out in accordance with international standard on auditing (ISA)promulgated by the international federation of Accountants (IFAC) included such test and procedures Necessary under circumstances . Along with the accounts of DBE,We on the sample basis Visited the selected micro finance institutions(MFIs) participated in the project and ensure the following adhered to. Special attention were paid as to whether the :

(a) world bank financing (and all External financing where the world bank is not the only financier) has been used in accordance with conditions relevant Financing agreements with due attention to economy and efficiency , only for the purpose for which the financing was provided.

(b) counter part fund have been provided and used in accordance with relevant financing agreements, with due attention to economy and Efficiency only for the purpose for which they were provided.

(c) Goods, works and services financed have been procured in accordance with the relevant financing agreements including specific provisions of world bank procurement policies and procedures.

(d) All nessary suporting documents,records and accounts have been maintained in respect of the projects activity including expenditures reported using statments of expenditure (SOE) method of reporting.

(e) Designated accounts have been maintained in accordance with the provision of relevant financing agreements and funds disbursed out of the accounts were used only for the porpose intended in the financing Agreements.

(f) national laws and regulations have been compiled with, and that the financial and accounting procedures approved for the project.

(g) Financial performance of the project is satisfactory.

(h) Assets procured from the projects funds exist and there is verifiable ownership by the implementing agencies or beneficiaries in line with the financing agreement.

(I) In eligible expenditure included in withdrwal applications are identified and reimbursed to the designated accounts. These should be separatley noted in the audit



DEVELOPMENT BANK OF ETHIOPIA
WOMEN ENTREPRENEURSHIP DEVELOPMENT PROJECT
NUMBER P122764,IDA 51120 (F.ROT/AID 15/010/00)
NOTES TO THE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2020

CURRENCY: ETHIOPIAN BIRR

3. Accounting policies

The principal accounting policies adopted by the project are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a. Basis of presentation

These financial statements have been prepared in compliance with the GAAP.

b. Currency

Foreign currency is converted to Birr at the exchange rate ruling at the date of the transaction. Cash balances maintained in the foreign currency is converted to Birr at the mid exchange rate ruling at the date of the balance sheet date .

c. Basis of accounting

Modified cash basis of accounting is used in the recognition of source and uses of fund.

d. Fund balance

It incorporates gain on exchange rate of Development Bank of Ethiopia obtained from conversion of foreign currency to local currency(Birr) for reporting purpose.



DEVELOPMENT BANK OF ETHIOPIA
WOMEN ENTREPRENEURSHIP DEVELOPMENT PROJECT
NUMBER P122764,IDA 51120 (F.ROT/AID 15/010/00)
NOTES TO THE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2020

CURRENCY: ETHIOPIAN BIRR

4. Receivables

Loan to micro finance institution

Birr	2019 Birr
1,891,518,232	1,255,393,890
1,891,518,232	1,255,393,890

5 Cash at Bank

NBE-0100381040072

NBE-0101171300040

	2019
1,950,354	163,547,791
525,778	48,555,657
2,476,132	212,103,448

6 Creditors

Italian Coop WEDP (IDC)

Japan International Cooperation Agency (JICA)

488,605,132	488,605,132
1,386,267,120	973,753,627
1,874,872,251	1,462,358,759

7 Fund balance

Opening balance

Current year operational result

	2019
5,138,580	(1,175,386)
13,983,534	6,313,966
19,122,114	5,138,580



**DEVELOPMENT BANK OF ETHIOPIA
WOMEN ENTREPRENEURSHIP DEVELOPMENT PROJECT
NUMBER P122764,IDA 51120 (F.ROT/AID 15/010/00)
STATEMENT OF SOURCE AND USE FOR THE PROJECT
FOR THE YEAR ENDED 30 JUNE 2020**

CURRENCY: ETHIOPIAN BIRR

Annex 1

Source	Note	Birr	2019 Birr
Source of fund IDA & JICA	Annex 2.1	412,513,493	1,134,218,220
Financial Charge		-	-
Gain/Loss on exchange rate		13,983,534	6,313,966
		426,497,026	1,140,532,186
Uses			
Uses of fund by MFI's	Annex 2.3	(652,649,527)	(959,323,736)
Balance carried forward		355,918,405	174,709,956
Excess of source over uses		129,765,904	355,918,406
Represented by			
Cash at bank		2,476,132	212,103,448
Outstanding balance on MFI's	Annex 2.4	127,289,772	143,814,957
		129,765,904	355,918,405



DEVELOPMENT BANK OF ETHIOPIA
WOMEN ENTREPRENEURSHIP DEVELOPMENT PROJECT
NUMBER P122764,IDA 51120 (F.ROT/AID 15/010/00)
STATEMENT OF SOURCE AND USE FOR THE PROJECT
FOR THE YEAR ENDED 30 JUNE 2020

Annex 2

2.1. Source of fund Cassa depositi e prestiti (S.P.A.)

CURRENCY: ETHIOPIAN BIRR

Description	Date	<u>AMOUNT</u>	<u>CURRENCY</u>	<u>Rate</u>	<u>Birr</u>
Balance as of 01 July 2018		-			
ITALIAN COOP WEDP (IDC)	31/05/2019	-	EURO	-	-
JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)	24/07/2018	1,543,260,354	JPY	0.2673	412,513,493
					<u>412,513,493</u>

2.2. Loan given to MFI's by DBE

	<u>Reference</u>	<u>Birr</u>
Balance as of 01 July 2019	-	1,255,393,890
Oromia credit & Saving S.C	VP/SMEF/302/2018	90,462,950
WASASA Micro Finance Inst.	VP/SMEF/110/2018	70,786,844
Specialized Financial & Prom. Inst.	VP/SMEF/233/2018	58,402,495
Amhara Cr. & Saving Inst	VP/SMEF/282/2018	125,802,498
VISION Fund	VP/SMEF/265/2018	77,000,000
HARBU Micro Finance Inst.	VP/SMEF/210/2018	39,108,014
AGAR Micro Finance Inst.	VP/SMEF/286/2018	45,400,000
DEDEBIT Cr. & Saving Inst. S.C	VP/SMEF/283/2018	71,266,873
METEMAMEN Micro Finance Inst.	VP/SMEF/293/2018	18,924,829
Addis credit & saving institution	VP/SMEF/374/2018	-
OMO Micro Finance Inst.	VP/SMEF/067/2019	22,299,501
MEKLIT Micro Finance Inst.	VP/SMEF/300/2018	16,670,338
		<u>1,891,518,232</u>



DEVELOPMENT BANK OF ETHIOPIA
WOMEN ENTREPRENEURSHIP DEVELOPMENT PROJECT
NUMBER P122764,IDA 51120 (F.ROT/AID 15/010/00)
STATEMENT OF SOURCE AND USE FOR THE PROJECT
FOR THE YEAR ENDED 30 JUNE 2020

Annex 3

2.3. MFI's Disbursement to Final Beneficiaries up to June 30 2020

	<u>Date</u>	<u>Amount in Birr</u>
Balance as of 01 July 2019		-
Loan provided to MSEs by WASASA	30/6/2020	46,497,812
Loan provided to MSEs by SF&PI	30/6/2020	58,402,495
Loan provided to MSEs by ACSI	30/6/2020	177,050,000
Loan provided to MSEs by OCSSCO	30/6/2020	90,462,950
Loan provided to MSEs by ADCSI	30/6/2020	11,138,719
Loan provided to MSEs by HARBU	30/6/2020	41,211,792
Loan provided to MSEs by OMO	30/6/2020	20,600,000
Loan provided to MSEs by DECSI	30/6/2020	88,161,002
Loan provided to MSEs by AGAR	30/6/2020	28,227,000
Loan provided to MSEs by METEMAMEN	30/6/2020	18,924,829
Loan provided to MSEs by MEKLIT	30/6/2020	11,180,607
Loan provided to MSEs by VISION	30/6/2020	60,792,321
		<u>652,649,527</u>

2.4. Outstanding advance on MFI's

	<u>Remaining balance as of June 30,2019</u>	<u>loan given to MFI</u>	<u>MFI's disbursement to final beneficiary</u>	<u>Remaining balance as of June 30,2020</u>
WASASA Micro Finance Inst.	3,762,812	70,786,844	46,497,812	28,051,844
Specialized Financial & Prom. Inst.	-	58,402,495	58,402,495	-
Amhara Cr. & Saving Inst	101,653,427	125,802,498	177,050,000	50,405,925
Oromia credit & Saving S.C	-	90,462,950	90,462,950	-
HARBU Micro Finance Inst.	2,103,778	39,108,014	41,211,792	-
OMO Micro Finance Inst.	5,499,502	22,299,501	20,600,000	7,199,003
DEDEBIT Cr. & Saving Inst. S.C	16,894,129	71,266,873	88,161,002	-
AGAR Micro Finance Inst.	-	45,400,000	28,227,000	17,173,000
METEMAMEN Micro Finance Inst.	-	18,924,829	18,924,829	-
MEKLIT Micro Finance Inst.	-	16,670,338	11,180,607	5,489,731
VISION Fund	2,762,590	77,000,000	60,792,321	18,970,269
Addis credit & saving institution	11,138,719	-	11,138,719	-
	<u>143,814,957</u>	<u>636,124,342.00</u>	<u>652,649,527</u>	<u>127,289,772</u>



DEVELOPMENT BANK OF ETHIOPIA
WOMEN ENTREPRENEURSHIP DEVELOPMENT PROJECT NUMBER
P122764, IDA 51120 (F.ROT/AID 15/010/00)
LIST OF VISTED IMPLEMENTING MICRO FINANCE INSTITUTIONS

Basis for Selection

We have selected these for Micro finance institutions based on the amount of disbursement during the year under this audit .According to these Micro finance intuition made a higher disbursement during the year while compare to

1. Number of loan file reviewed and number of beneficiaries contacted From Amhara credit & Saving Instution (ACSI).

Region	Name of Micros Fiancé	Branch	No of loan file checked	No Beneficiaries contacted
Amhara	Amhara credit & Saving instituion	BDR hfs	1	1
Amhara	Amhara credit & Saving instituion	Tana	3	3
Amhara	Amhara credit & Saving instituion	D/Minilik	2	1
Amhara	Amhara credit & Saving instituion	Sefeneselam	1	1

2. Number of loan file reviewed and number of beneficiaries contacted From Oromia credit & Saving S.C.

Region	Name of Micros Fiancé	Branch	No of loan file checked	No Beneficiaries contacted
Addis Ababa	Oromia credit & Saving S.C	Finfine	1	1
Addis Ababa	Oromia credit & Saving S.C	Gulele	3	1

3. Number of loan file reviewed and number of beneficiaries contacted From Vision Fund Micro Finance Inst.SC.

Region	Name of Micros Fiancé	Branch	No of loan file reviewed	No Beneficiaries contacted
Addis Ababa	Vision Fund Micro finance institution SC	kirikos	4	2
Addis Ababa	Vision Fund Micro finance institution SC	Shola	3	1

