

SNV ETHIOPIA

**KUNZILA INTEGRATED LANDSCAPE MANAGEMENT AND WASH
PROJECT – WASH COMPONENT**

PROJECT NUMBER 4000003666

PROJECT REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

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1 Project information

1.1 Background of SNV Netherlands Development Organisation

SNV Netherlands Development Organisation (SNV) is an international not-for-profit development organisation. SNV's vision is that no-one should have to live in poverty and that all people should have the opportunity to pursue their own sustainable development. The organisation's global team, consisting of both local and international advisors, work with local partners to equip communities, businesses and organisations with the tools, knowledge and connections they need to increase their incomes and gain access to basic services - empowering them to break the cycle of poverty and guide their own development.

SNV Ethiopia commenced its operations in Ethiopia in the 1970s responding to a call for assistance to address the famine situation in the Country. SNV Ethiopia focuses on Agriculture, Renewable Energy and Water, Sanitation and Hygiene sectors. These sectors are aligned with the poverty reduction programme which emphasizes on agriculture led economic development.

Within the above-mentioned thematic expertise, SNV Ethiopia provides advisory services; promotes the development and brokering of knowledge and supports policy dialogue at national level. The organisation works with local government, Non-Governmental Organisations (NGOs), civil society and private sector organizations. The different actors have distinct and complementary roles in the fight against poverty. To increase the effectiveness of its programmes and resources, SNV Ethiopia works in partnership with other development agencies, as well as private and public sector organizations.

1.2 Project description

SNV Ethiopia and the Water and Land Resource Center (WLRC) of Addis Ababa University were counterparties in the implementation of Kunzila Integrated Landscape Management and WASH Project – WASH component. The Ministry for Foreign Trade and Development Cooperation of the Netherlands is the donor.

In line with the strategic priorities of the Ministry, the Kunzila Integrated Landscape Management and WASH (ILMWA) is a five year (2020-2024) multi-sectoral project designed to contribute to a more prosperous and healthy population in Kunzila Watershed by implementing landscape management and WASH project, in alignment with the other relevant projects and programs; and national policies and plans such as Essential Health Service Package since November 2019; One WASH National programme phase II since 2 2019; School WASH National Implementation Guideline since 2017. The main objective of the WASH component of the project is to support the Government of the Amhara region particularly the Kunzila watershed kebeles of North Achefer woreda in its efforts to increase access to WASH through the implementation of the project, which aims to reach 65,318 people in WASH by December 2024. The Project implementation period is from 11 March 2020 to 31 December 2025.

2 **Statement of management responsibility**

The SNV Ethiopia management is responsible for ensuring maintenance of proper accounting records that are sufficient to show and explain the transactions of the Project; disclose with reasonable accuracy at any time the financial position of the Project; and that enables them to prepare financial statements of the Project that comply with prescribed accounting policies as summarised in section 4.2. They are also responsible for safeguarding the assets of the Project and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The management accepts responsibility for the preparation and presentation of these financial statements in accordance with the accounting policies prescribed under Note 4.2 to the financial statements. They also accept responsibility for:

- a) Designing, implementing and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
- b) Selecting suitable accounting policies and then apply them consistently; and
- c) Making judgements and accounting estimates that are reasonable in the circumstances.

Having made an assessment on the Project's ability to continue as a going concern, the management are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Project's ability to continue as a going concern.

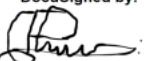
Management acknowledge that the independent audit of the financial statements does not relieve them of their responsibility.

Approved by the management on **31 October** 2024 and signed on its behalf by:

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Julie Graham
Country Director
SNV Ethiopia

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Faustin Lukandagila Shija
Interim Country Finance Controller
SNV Ethiopia



3 Independent auditor's report to the management of SNV Ethiopia

Report on the audit of the financial statements

Our Opinion

We have audited the accompanying financial statements of Kunzila Integrated Landscape Management and WASH Project – WASH Component - Project Number 4000003666 (the Project) set out on pages 6 to 9 which comprise of the Fund Accountability Statement for the year ended 30 June 2024 and the notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the financial statements of the Project are prepared, in all material respects, in accordance with the basis of accounting described in section 4.2 to the financial statements.

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 SNV Ethiopia in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ethiopia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Emphasis of Matter – Basis of Accounting and restriction on use and distribution

We draw attention to section 4.2 to the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with entity's own accounting policies to satisfy the financial information needs of the entity's members or users of the financial statements. As a result, the financial statements may not be suitable for another purpose.

Our report is intended solely for SNV Ethiopia, the Water and Land Resource Center (WLRC) and Ministry for Foreign Trade and Development Cooperation of the Netherlands and should not be distributed to or used by parties other than SNV Ethiopia, WLRC and Ministry for Foreign Trade and Development Cooperation of the Netherlands. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the Project report other than the financial statements and our auditor's report thereon. The Project management are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Independent auditor's report to the management of SNV Ethiopia (continued)

Responsibilities of the management for the financial statements

The management is responsible for the preparation of the financial statements in accordance with the basis of accounting described in Note 4.2 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intend to liquidate the Project or to cease operations, or have no realistic alternative but to do so.

The management is responsible for overseeing the project's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 SNV Ethiopia's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the project management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Project to cease to continue as a going concern.



Independent auditor's report to the management of SNV Ethiopia (continued)

We communicate with the project management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in blue ink, appearing to read 'Benson Okundi', is written over a light blue rectangular background.

**FCPA Dr. Benson Okundi, Practising Certificate Number P/1649
Engagement partner responsible for the audit**

**For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi**

31 October 2024

4 Financial statements

4.1 Fund Accountability Statement

Description	Notes	1 July 2023 to 30 June 2024 Amount (EUR)	11 March 2020 to 30 June 2023 Amount (EUR)	11 March 2020 to 30 June 2024 Amount (EUR)
Income				
Opening balance	4.3.1	1,465,259	-	-
Funds received	4.3.2	1,129,692	5,703,718	6,833,410
Total income		2,594,951	5,703,718	6,833,410
Expenditure				
Project delivery costs	4.3.3	419,484	3,577,122	3,996,606
Project staff costs	4.3.4	256,601	661,337	917,938
Total Expenditure		676,085	4,238,459	4,914,544
Fund Balance		1,918,866	1,465,259	1,918,866
Represented by:				
Cash and bank balances	4.3.5	1,924,913	1,475,859	1,924,913
Payables	4.3.6	(6,047)	(10,600)	(6,047)
		1,918,866	1,465,259	1,918,866

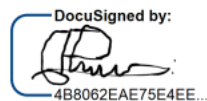
The notes on pages 7 to 9 form an integral part of these financial statements.

The financial statements on pages 6 to 9 were approved by management on **31 October** 2024 and signed on its behalf by:

DocuSigned by:

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Julie Graham
Country Director
SNV Ethiopia

DocuSigned by:

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Faustine Lukandagila Shija
Interim Country Finance Controller
SNV Ethiopia

Notes to the financial statements

4.2 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

4.2.1 Basis of preparation

The financial statements are prepared in accordance with the requirements of SNV Ethiopia's finance and administration guidelines and the Project agreement.

The financial statements are prepared on a modified cash basis of accounting. Modified to recognise amounts due to and from the Project.

4.2.2 Opening Balance

Fund balances in the financial year are carried over to the next financial year.

4.2.3 Income recognition

Income is recognised when funds are received in SNV Ethiopia's bank account.

4.2.4 Expenditure

Expenditure is recognised when payment is made.

4.2.5 Cash and bank balances

Cash and bank balances include cash in hand and cash balances held at bank.

4.2.6 Receivables and payables

Receivables and payables are recognised for amounts due to and from the Project.

4.2.7 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements are measured in Euro ('the presentation currency'). The Project's functional currency is in Ethiopian Birrs.

b) Transactions and balances

Foreign currency transactions are translated into the presentation currency using the SNV monthly foreign exchange rate prevailing at the dates of the transactions or valuations where items are re-measured.

Notes to the financial statements (continued)

4.3 Notes to the Fund Accountability Statement

4.3.1 Opening Balance

This relates to the fund balance of EUR 1,465,259 as at 30th June 2023 carried forward to the reporting period beginning 1st July 2023.

4.3.2 Funds received from the Ministry for Foreign Trade and Development Cooperation of the Netherlands

Description	Date Received	1 July 2023 to 30 June 2024	11 March 2020 to 30 June 2023	11 March 2020 to 30 June 2024
		Amount (EUR)	Amount (EUR)	Amount (EUR)
1 st disbursement	7 April 2020	-	379,505	379,505
2 nd disbursement	3 December 2020	-	500,000	500,000
3 rd Disbursement	22 June 2021	-	2,387,824	2,387,824
4 th Disbursement	14 July 2022	-	2,436,389	2,436,389
5 th Disbursement	11 July 2023	1,129,692	-	1,129,692
		1,129,692	5,703,718	6,833,410

4.3.3 Project delivery costs

This relates to direct and indirect project implementation costs, other than SNV staff costs.

Description	1 July 2023 to 30 June 2024	11 March 2020 to 30 June 2023	11 March 2020 to 30 June 2024
	Amount (EUR)	Amount (EUR)	Amount (EUR)
Component 4,5 and 6*	283,609	2,743,488	3,027,097
Activity related travel	1,523	26,266	27,789
Project equipment	-	79,030	79,030
Project office running costs	59,850	276,121	335,971
Project delivery costs (6.5%)**	39,103	282,473	321,576
Indirect costs (8.5 %)**	35,399	169,744	205,143
	419,484	3,577,122	3,996,606

*Component 4 is strengthening of rural WASH, 5 is strengthening of urban WASH and 6 is strengthening of WASH multi-stakeholder coordination.

**Other project delivery costs are computed based on 6.5% of total direct costs reported during the period.

***Indirect costs relate to 8.5% of total direct costs including 6.5% project delivery costs.

4.3.4 Project staff costs

This relates to cost of Kunzila staff involved directly in the implementation the project.

Description	1 July 2023 to 30 June 2024	11 March 2020 to 30 June2023	11 March 2020 to 30 June 2024
	Amount (EUR)	Amount (EUR)	Amount (EUR)
Project staff	256,601	639,255	895,856
Short term technical assistants (STTAs)	-	22,082	22,082
	<u>256,601</u>	<u>661,337</u>	<u>917,938</u>

4.3.5 Cash and bank balances

This relates to the bank balance of **EUR 1,924,913**. The funds are commingled with other SNV Ethiopia funds as the Project does not have separate bank account.

4.3.6 Payables

This relates to the final (40%) audit fee of **EUR 6,047** for the period 1 July 2023 to 30 June 2024.

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