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Financial Statement and Independent Auditor's Report

Support to the Executive Bureau for Acceleration of Aid

Absorption and Implementation of the Mutual Accountability

Framework Project - IDA Grant Number TF015070

June 30, 2015



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Independent Auditor's Report

To: Management of
Support to the Executive Bureau for Acceleration of Aid
Absorption and Implementation of the Mutual Accountability
Framework Project - IDA Grant Number TF015070
Sana'a - Republic of Yemen

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Report on the Financial Statement

We have audited the accompanying statement of cash receipts, disbursements and grant balance of **Support to the Executive Bureau for Acceleration of Aid Absorption and Implementation of the Mutual Accountability Framework Project - IDA Grant Number TF015070** in the Republic of Yemen for the period from January 1, 2015 to June 30, 2015 and a summary of significant accounting policies and other explanatory notes (1-10).

Management's Responsibility for the Financial Statement

Management of the Project is responsible for the preparation and fair presentation of this financial statement in accordance with cash receipts and disbursements basis of accounting described in Note (2), this includes determining that the cash receipts and disbursements basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances, and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement 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 whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 controls. 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 statement.

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



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Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts, disbursements and grant balance of **Support to the Executive Bureau for Acceleration of Aid Absorption and Implementation of the Mutual Accountability Framework Project - IDA Grant Number TF015070** for the period ended June 30, 2015 in accordance with the cash receipts and disbursements basis of accounting described in Note (2).

Emphasis of Matter

Without modifying our opinion, we draw attention to Note (10) to the financial statement which indicates that the Project's financing arrangement with **International Development Association (IDA)** expired on June 30, 2015. This event indicates the existence of a material uncertainty that may cast significant doubt on the Project's ability to continue as a going concern.

Basis of Accounting

Without modifying our opinion the statement of cash receipts, disbursements, and grant balance is prepared on the cash receipts and disbursements basis of accounting. The financial statement is prepared to provide information to IDA creditor. As a result, the statement may not be suitable for another purpose.

Report on Other Legal and Regulatory Requirements

The expenditures provided in statement of cash receipts, disbursements and grant balance is properly supported and represent eligible expenditures under the Grant Agreement. In addition, procurements of goods and services incurred during the period were conducted in accordance with the World Bank Procurement under IDA Credits, January 2011.

Grant Thornton Yemen

Sana'a - Republic of Yemen
March 22, 2016



Statement of cash receipts, disbursements and grant balance

For the period from January 1, 2015 to June 30, 2015 and for the period from November 18, 2013 to December 31, 2014

	Notes	June 30, 2015 USD	Dec. 31, 2014 USD
RECEIPTS			
Grant received from International Development Association (IDA)	3	227,098	1,383,027
Total receipts		227,098	1,383,027
DISBURSEMENTS			
Goods	4	(3,267)	(45,784)
Consultants' services	5	(39,736)	(308,378)
Capacity building activities	6	(17,600)	(70,251)
Operating costs	7	(328,157)	(796,952)
Total disbursements		(388,760)	(1,221,365)
(Deficit) excess receipts over disbursements		(161,662)	161,662
GRANT BALANCE			
Grant balance at the beginning of the period		161,662	-
Grant balance at the end of the period	8	-	161,662

Project Director

Mar 22nd, 2016

Mrs. Amatalalim Ali Alsoswa

Finance Officer

Mr. Adel Ismail Al-Olofi

Notes to the statement of cash receipts, disbursements and grant balance

For the period from January 1, 2015 to June 30, 2015 and for the period from November 18, 2013 to December 31, 2014

1 General

On July 18, 2013, the Grant Agreement No. (TF015070) was signed between the International Development Association (IDA) acting as administrator of Grant Funds provided by the Yemen Mutual Accountability Framework (YMAF) Multi Donor Trust Fund, and Republic of Yemen (the "Recipient"), represented by Minister of Planning and International Cooperation. According to this agreement and its conditions the IDA provide a grant with an amount of Four Million United States Dollars (USD 4,000,000) to assist in financing this project and the Recipient shall carry out the objective of the project through Executive Bureau for Acceleration of Aid Absorption.

The main objective of the project is to support government capacity to:

- a) Implement policy reforms committed to in the Mutual Accountability Framework.
- b) Plan and implement the acceleration of aid absorption.

The project will finance the Executive Bureau's (EB) activities through the first eighteen months of its operations after the start-up period, which includes:

- a) Launch and implement MAF monitoring and reporting, including results framework, reporting, mechanism, and associated Governorate of Yemen (GoY)/ donor coordination mechanism.
- b) Develop and support implementation of a proposal to institutionalize criteria and system for allocations to the Public Investment Program (PIP).
- c) Develop and support implementation of a proposal for increasing aid absorption for reconstruction and labor intensive works programs.
- d) Provide needed support to GoY and other implementing agencies to achieve progress on lagging Mutual Accountability Framework (MAF) and related reforms and programs.

The closing date of the Project is June 30, 2015.

2 Significant accounting policies

The following is a summary of the Project's significant accounting policies:

Accounting basis

The statement of cash receipts, disbursements and grant balance is prepared on the cash receipts and disbursements basis of accounting, whereby, receipts and disbursements are recognized when received and paid, respectively, rather when earned or incurred. In addition, receivables, payables, prepayments, and accrued expenses are not reflected in the accompanying statement.

Receipts

Receipts are accounted for on the date of receipts.

Disbursements

Disbursements are accounted for at the time of payment.

Foreign currency translation

The US dollars currency is used to record transactions in the Project's book of account. Transactions in other currencies during the Period are translated to US dollars at the rate prevailing at the transaction's date. Differences of exchange, gains or losses resulting from are reported in the statement of cash receipts, disbursements, and grant balance. Grant balances denominated in non US dollars currencies are translated at the rate prevailing at Period end and gains or losses arising on exchange are reported in the accompanying statement of cash receipts, disbursements and grant balance.

Project's statement of cash receipts, disbursements and grant balance

The Project's statement of cash receipts, disbursements, and grant balance reflects only the activities for the grant no. TF015070 that referred in note (1) and occurred in Yemen which is financed from the International Development Association and excludes all other transactions.

3 Grant received from International Development Association (IDA)

This item consists of the following for the period ended June 30, 2015:

	USD
Grant amount	4,000,000
Total grant amount	4,000,000
Withdrawals from the grant for the period from January 1, 2015 to June 30, 2015	
Amounts transferred to Yemen Commercial Bank	(227,098)
Total withdrawals from the grant for the period from January 1, 2015 to June 30, 2015	(227,098)
Withdrawals from the grant for the period from November 18, 2013 to December 31, 2014	
Direct payments to United Nations Office for Project Services	(111,046)
Amounts transferred to Yemen Commercial Bank	(1,271,981)
Total withdrawals from the grant for the period from November 18, 2013 to December 31, 2014	(1,383,027)
The remaining grant balance as at June 30, 2015	2,389,875

4 Goods

This item consists of the following for the periods ended June 30, 2015 and December 31, 2014:

	2015 USD	2014 USD
Computers and office equipment	-	30,475
Publications	3,267	10,698
Furniture	-	4,611
	3,267	45,784

5 Consultants' services

This item consists of the following for the periods ended June 30, 2015 and December 31, 2014:

	2015 USD	2014 USD
Consultant services for developing a training manual and conducting training of trainers (TOT)	26,184	-
Senior international strategic policy advisor cost	4,765	26,014
Audit fees	4,600	4,600
Consultant services for developing a training plan and delivering in-country training and capacity building workshop to selected PIUs	3,167	-
Developing a website for executive bureau	1,020	5,780
Consultant services provided by United Nations Office for Project Services	-	166,046
Review and improve the draft Public-Private Partnership Law	-	31,600
Supporting a coherent budget process	-	28,260
Developing the overall mandates for MOPIC	-	28,260
Establish Microsoft project and conduct needed training	-	9,000
Preparing the citizen budget	-	7,330
Preparing public awareness and communication plan	-	1,488
	39,736	308,378

6 Capacity building activities

This item consists of the following for the periods ended June 30, 2015 and December 31, 2014:

	2015 USD	2014 USD
Training workshop (TOT)	10,530	-
Financial analysis skills	4,640	-
Governance and donor follow up meetings cost	2,290	39,321
Economic meeting	140	-
Procurement workshop cost	-	15,322
Cabinet retreat meetings cost	-	8,935
Civil Society Organizations workshop	-	3,265
Workshop cost for consultant services provided by United Nations Office for Project Services	-	2,127
Draft Public-Private Partnership Law meetings cost	-	1,281
	17,600	70,251

7 Operating costs

This item consists of the following for the periods ended June 30, 2015 and December 31, 2014:

	2015 USD	2014 USD
Salaries and wages	300,872	632,151
Advertisement and printing	6,621	11,415
Communications	3,731	7,232
Cleaning	3,376	6,461
Securities	3,269	16,292
Car rental	2,432	41,311
Translations	1,105	16,382
Transportations	786	3,721
Traveling	476	12,096
Buffet and hospitality	367	8,926
Governmental fees	349	1,518
Maintenances	191	4,566
Fuel	168	1,947
Bank charges	147	424
Stationeries	104	5,186
Withholding tax	-	24,468
Miscellaneous	4,163	2,856
	328,157	796,952

8 Grant balance at the end of the period

This item consists of the following as at June 30, 2015 and December 31, 2014:

	Notes	2015 USD	2014 USD
Cash at bank	9	-	158,973
Cash on hand		-	2,689
		-	161,662

9 Statement of the current account movement for the period from January 1, 2015 to June 30, 2015:

Account number	0010-002 -0128466
Bank name	Yemen Commercial Bank
Address	Republic of Yemen - Sana'a
Grant number	TF015070
Currency	USD
Beginning balance	161,662
Amounts transferred from International Development Association	227,098
Amounts disbursed during the period	(388,760)
Balance as at June 30, 2015	-

10 Going Concern

The Project's financing arrangements with International Development Association (IDA) expired on June 30, 2015. This event indicates the existence of a material uncertainty, which may cast significant doubt on the Project's ability to continue as a going concern.