

BASIC EDUCATION DEVELOPMENT PROJECT

- SECOND PHASE

SANA'A – REPUBLIC OF YEMEN

IDA GRANT (H8250-RY)

BASIC EDUCATION DEVELOPMENT

PROJECT SECOND PHASE

IDA GRANT (H8250-RY)

SANA'A – REPUBLIC OF YEMEN

SOURCES & USES OF FUNDS

AS OF DECEMBER 31, 2015

BASIC EDUCATION DEVELOPMENT PROJECT

- SECOND PHASE

SANA'A – REPUBLIC OF YEMEN

IDA GRANT (H8250-RY)

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

CHARTERED ACCOUNTS OFFICE
ABDUL-HAKIM A.H.AL-IRYANY
CHARTERED ACCOUNTS
FIRMS OF SC.INTERNATIONAL
License No. (187)



مكتب المحاسبة القانوني

عبد الحكيم عبد الله حسن الارياني

محاسب قانوني

أعضاء الجمعية الدولية أس سي أنترناشيونال

ترخيص رقم (١٨٧)

Your Ref : مرجعكم : Our Ref: مرجعنا : Date: التاريخ :

Independent Auditor's Report

To: The Management
BASIC EDUCATION DEVELOPMENT PROJECT-2nd PHASE
SANA'A - Yemen

Introduction:

We have audited the list of sources and uses of funds for the **Basic Education Development – 2nd phase** (IDA Grant No. H8250-YR) and the Government and implement by the Ministry of Education and the Public Works project as at 31 December 2015, and a summary of significant accounting policies and notes to the year ended on that date.

Management's responsibility for financial statements:

The project management is responsible for the preparation of financial statements and fair presentation in accordance with international standards for financial reporting, (and in the light of the provisions of the applicable related laws and regulations of Yemen). This responsibility includes the design, implementation, and maintain for the preparation of internal control and presentation of financial statements free of material misstatement, whether it was due to fraud or error, selecting and applying appropriate and reasonable action accounting estimates accounting policies under the circumstances.

The responsibility of the auditor:

Our responsibility is to express an opinion on these financial statements based on our audit. It has the audit process in accordance with International Standards on Auditing, which require us to comply with the requirements of professional ethics, and plan and conduct the audit to obtain reasonable assurance about whether the financial statements of the project are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements, and based procedures that have been identified and followed at our discretion, including our assessment of the risks of material misstatement in the financial statements for the project, whether due to fraud or mistakes, when our assessment of these risks we are taking into account of their internal control systems, the preparation and presentation of financial statements present fairly in order to design appropriate audit accounting policies used and the reasonableness of accounting estimates made by management procedures, and the integrity of the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to express an opinion on the financial statements,

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Taiz - Tel.: 777551800 - P.O.Box() ()

المركز الرئيسي: صنعاء - هاتف: ٧٣٣٠٦٤٨٨٢-٤٢٢٣٦٩-٢٧٤٨٠١

ص.ب. ١١٣٨٩ - برقية (محاسبة) فاكس: ٩٦٧-١-٢٧٠٢١١

• الفروع: الحديدة - هاتف: ٧٧٤٠٤٠٥٢٥ - ص.ب. () ()

تعز - هاتف: ٧٧٧٥٥١٨٠٠ - ص.ب. () ()

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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محاسب قانوني

أعضاء الجمعية الدولية أس سي أنترناشيونال

ترخيص رقم (١٨٧)

Your Ref : مرجعكم : Our Ref: مرجعنا : Date: التاريخ :

The Opinion :

In our opinion, the statement of sources and uses of funds with complementary with the explanations presented fairly, in all material respects the financial position of the **Basic Education Development Project – 2nd phase** for the financial year ended 31 December 2015 in accordance with international standards for financial reporting policies and procedures followed by the project management.

Addition:

We have obtained all the information and explanations which we considered necessary for the purposes of the audit and the project holds books of accounts electronically operated regularly as the attached data are consistent with what is contained in that notebooks.

Also, all expenses from the designated account enhanced documentation adequate and appropriate project and retains a pro documentation for applications submitted to the Designated Account for the payment of expenses.

Abdul Hakim Abdullah Al-Eryani
Accountant
May 25, 2016
Sana'a - ROY



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المركز الرئيسي: صنعاء - هاتف: ٢٧٤٨٠١-٤٢٢٣٦٩-٧٣٣٠٦٤٨٨٢

ص.ب: ١١٣٨٩- برقية (محاسبة) فاكس: ٩٦٧-١-٢٧٠٢١١

• الفرع: الحديدة- هاتف: ٧٧٤٠٤٠٥٢٥- ص.ب: ()

تعز- هاتف: ٧٧٧٥٥١٨٠٠- ص.ب: ()

Basic Education Development Project-2nd Phase (BEDP)

IDA GRANT (H8250-RY)

SANA'A - REPUBLIC OF YEMEN

Sources & Uses of Funds As of December 31, 2015

Particular	Note	Accumulated	During the Year	Accumulated
		31/Dec/14	2015	31/Dec/15
		Amount	Amount	Amount
		US D	US D	US D
<u>SOURCES OF FUND</u>				
IDA Grant (H8250-RY)	(3)	15,008,667	5,614,739	20,623,406
Government Contribution	(4)	552,843	66,785	619,628
Ex-Change Differencies		359	42	401
Total Sources of Fund		15,561,869	5,681,566	21,243,435
<u>DEDUCT:</u>				
<u>USES OF FUNDS</u>				
Goods, Consultancy Services & Training	(5)	7,355,859	3,638,957	10,994,816
Civil Works	(6)	1,628,443	3,511,941	5,140,384
Community Grants	(7)	3,377,655	(727,341)	2,650,314
Operational Costs	(8)	1,145,667	413,962	1,559,629
Others	(9)	1,648	(1,648)	-
Total Uses of Funds		13,509,272	6,835,871	20,345,143
Surplus Sources for Uses		2,052,597	(1,154,306)	898,291
Add: Opening Balance		-	2,052,597	-
Closing Balance	(10)	2,052,597	898,291	898,291

The accompanying notes from (1-13) form an integral part of this statement.

Chief Accountant

Financial Manager

Project Director



BASIC EDUCATION DEVELOPMENT PROJECT SECOND PHASE
 IDA GRANT (H8250-RY)
 SANA'A – REPUBLIC OF YEMEN

Basic Education Development Project-2nd Phase (BEDP)
Notes to the financial statements as of December 31, 2015

1: Project Background:

Introduction:

This Project is considered to be the extension of the first phase of the Basic Education Development Project number (P076185) which closed on December 31, 2012, the approved for financing a project to develop the second basic education number (P130853) provided by the International Development Association. The IDA Grant was signed with the Yemeni Government on 27 / 02/2013 and came into force on March 1, 2013.

A – General Data: -

Project Name	Basic Education Development Phase II No. (P130853)
Project Period	Five years
Date of approval	14/02/2013
Beginning of the project	01/07/2013
The expected Closing date	31/08/2018
Donor:	International Development Association (IDA)
Amount of Funding	SDRs 43,100,000
Beneficiary	Ministry of Education (MOF)
Implementing agencies	PMU of BEDP
	PMU - PWP
Works performs by PMU-PWP	Implementation of civil works activities under Component 2
Project Address	South sixty Street - Mieyad House- Sana'a

BASIC EDUCATION DEVELOPMENT PROJECT SECOND PHASE
IDA GRANT (H8250-RY)
SANA'A – REPUBLIC OF YEMEN

(B) Funding:

Funding Agency	Value (USD)
IDA	66,300,000
Government of Yemen	5,700,000
TOTAL	72,000,000

C - The Project's objectives:

The development objective of the Basic Education Development Project – 2nd Phase in Yemen is to help the Yemeni government in raising the quality of education of students and the possibility of fair access to basic education in the provinces and selected schools, the project aims to achieve the objectives of the education sector with special emphasis on quality. Development objective of the project is to help the Yemeni government in improving student learning and achieve parity in access to basic education opportunities in the provinces and selected schools.

This goal will be achieved through a combination of interventions, some of them at the national level and in some regions or targeted schools.

D - Components of the project: -

The project compounds of four components:

1. Improve the quality of basic education and enhance student achievement.
2. Promote equitable access to high quality education in eight provinces targeted and Sana'a city and about 200 schools.
3. The development of the institutional capacity of the sector through the capacity building of the Ministry of Education, to manage resources in a manner effective and efficient so that it can provide high quality educational services.
4. Support project management activities for the implementation of project activities and the preparation of reports on the progress of its timely manner and effective as required by the financial agreements between the World Bank and the Government of Yemen.

BASIC EDUCATION DEVELOPMENT PROJECT SECOND PHASE
 IDA GRANT (H8250-RY)
 SANA'A – REPUBLIC OF YEMEN

(E) Provisions of the grant, according to the project components: -

PROJECT COST AND FINANCING ACCORDING TO COMPONENTS

No.	PROJECT COMPONENT	FINANCING (USD mill.)		
		IDA	LOCAL	TOTAL
1	Improve the quality of basic education and enhance student achievement	23.5	2.4	25.9
1.1	Reading and writing skills	17.5	1.7	19.2
1.2	Teaching learning practices	5.0	0.5	5.5
1.3	Assess student learning	1.0	0.2	1.2
2	Promote equitable access to high quality education	32.7	2.8	35.5
2.1	To improve the physical environment of schools	19.4	1.7	21.1
2.2	Promote equitable access through demand-side	10.7	0.9	11.6
2.3	Support for schools, parent councils	2.6	0.2	2.8
3	Development of the institutional capacity of the sector	5.2	0.4	5.6
3.1	Updated Education Sector Management	0.6	0.1	0.7
3.2	Educational Management Information System (EMIS)	1.8	0.2	2.0
3.3	Education Planning and Policy	2.8	0.1	2.9
4	Support project management activities	3.5	0.3	3.8
	Total Baseline Costs	64.9	5.9	70.8
	Physical contingency	1.1	0.0	1.1
	Emergency Price	0.1	0.0	0.1
	Total Project Costs	66.1	5.9	72.0

2 - Accounting policies

A - Basis of Preparation of the statement of Sources and Uses of Funds:

The statements of the Sources and Uses of funds are prepared based on the cash basis followed for the receipt of funds and expenditures. According to this basis the sources of financing are recognized upon receipt of the money, as well as expenses when fully effective payment process.

The resources and uses are displayed in US dollars in accordance with the requirements of financiers.

(B) The Contributions:

It is recognized at the time of the funded receipt.

C - Fixed assets:

Fixed assets are recorded as expenses at the date of purchase within the project uses.

D - Project Expenses :

The Project expense is recognized under the project in the date of the expenses disbursed and upon receipt of the goods, services and works ... etc.

E - Currency:

- All transactions are recorded in the accounting records of the unit project in US dollars and are recognized withdrawn from the grant in US dollars and Special Drawing Rights and disbursed.
- Funding and expenses in local currency (YR) are recognized and paid at the price equivalent of the US dollar, according to the prevailing exchange rate at the date of the transaction.
- The re-evaluation of cash balances by the end of the year in local currency to the US dollar at the exchange rate in the 31/12 and calculating the differences either income or expenses as a result of the evaluation.

BASIC EDUCATION DEVELOPMENT PROJECT SECOND PHASE
IDA GRANT (H8250-RY)
SANA'A – REPUBLIC OF YEMEN

(F) Withdrawals from the special account:

Withdrawals from the special account for the grant at the Central Bank to cover various expenses of the project under the withdrawal applications under the signature of the Director-General and Chief Financial Officer of the project.

(G) withdrawal from the grant:

Withdrawals from the grant account by the Authority (IDA) on behalf of the project implementation unit and the aim of the replenish the special account for the project to the Central Bank to meet the project expenses or to pay direct costs to beneficiaries, by withdrawal applications issued by the project and based on the documents, also IDA shall submit to the PIU account statement for the amounts disbursed or withdrawn from the grant account , whether direct payments or replenishments to the special account, according to a statement of expenditure and the balance in US dollars and the SDRs.

Basic Education Development Project-2nd Phase (BEDP)

IDA GRANT (H8250-RY)

SANA'A – REPUBLIC OF YEMEN

3- List of Withdrawals from IDA Grant No. (H8260-RY) as of 31/12/2015

A. MOE- PMU Component

WA		Particular	SA	Goods, Consultancy Services & Training	Community Grants	Operational Costs	TOTAL
No.	Date		USD	USD	USD	USD	USD
PAU-14	06/01/15	Deposit to SA	-	2,315,356	-	101,397	2,416,753
PAU-22	21/04/15	YTCC- Computers	-	12,517			12,517
PAU-16	21/04/15	Taha N. Alawbaly- Consultancy	-	10,326			10,326
PAU-26	11/06/15	Repl. To SA	-	372,587		66,921	439,508
PAU-24	13/07/15	Equiv. RY 3,017,000	-	14,041			14,041
PAU-25	13/07/15	Fast Link- MOF Network	-	17,224			17,224
PAU-23A	15/07/15	Liedrs Tech. Computers	-	27,500			27,500
Total Withdrawal During 2015			-	2,769,551	-	168,318	2,937,868
Total Withdrawal as of 31/12/2014			3,000,000	4,952,294	3,377,655	453,255	11,783,204
Total Withdrawal as of 31/12/2015			3,000,000	7,721,845	3,377,655	621,573	14,721,072

B. Public Works Project Component

WA		Particular	SA	Goods, Consultancy Services & Training	Community Grants	Operational Costs	TOTAL
No.	Date		USD	USD	USD	USD	USD
1	02/02/15		847,264				847,264
2	11/06/15		180,035	-			180,035
181	02/07/15			45,165			45,165
268	02/07/15			38,095			38,095
269	02/07/15			75,677			75,677
282	01/07/15			38,600			38,600
278	01/07/15			22,036			22,036
280	02/07/15			21,431			21,431
279	01/07/15			25,597			25,597
283	01/07/15			33,336			33,336
204	02/07/15			55,271			55,271
267	01/07/15			26,603			26,603
270	02/07/15			9,658			9,658

Basic Education Development Project-2nd Phase (BEDP)

IDA GRANT (H8250-RY)

SANA'A - REPUBLIC OF YEMEN

177	01/07/15			45,963			45,963
209	08/07/15			38,800			38,800
107	01/07/15			20,358			20,358
122	01/07/15			21,059			21,059
241	01/07/15			27,187			27,187
198	08/07/15			68,214			68,214
192	01/07/15			43,481			43,481
264	02/07/15			31,615			31,615
207	02/07/15			35,548			35,548
281	08/07/15			42,576			42,576
211	07/07/15			68,809			68,809
178	01/07/15			67,038			67,038
266	13/07/15			65,134			65,134
271	16/07/15			62,780			62,780
272	14/07/15			28,270			28,270
261	14/07/15			64,209			64,209
256	14/07/15			20,059			20,059
334	20/07/15			53,822			53,822
258	14/07/15			31,572			31,572
29	01/07/15			37,861			37,861
259	16/07/15			111,619			111,619
277	20/07/15			5,489			5,489
242	20/07/15			27,292			27,292
23	30/06/15		-	239,346			239,346
Total Withdrawal During 2015			1,027,298	1,649,572	-	-	2,676,870
Total Withdrawal as of 31/12/2014			500,000	2,528,169	-	197,294	3,225,463
Total Withdrawal as of 31/12/2015			1,527,298	4,177,741	-	197,294	5,902,333
Total Accumulated Withdrawals as of 31/12/2015			4,527,298	11,899,586	3,377,655	818,867	20,623,406

Basic Education Development Project-2nd Phase (BEDP)

IDA GRANT (H8250-RY)

SANA'A – REPUBLIC OF YEMEN

4- Total Withdrawal from Government Contribution as of December 31, 2015

A. MOE- PMU Component

The total contribution of the Yemeni government reached until December 31, 2015 of the equivalent of 619,628 US dollars.

Total Withdrawal During 2015	-	2,700	-	64,085	66,785
Total Withdrawal as of 31/12/2014	-	552,843	-	-	552,843
Total Withdrawal as of 31/12/2015	-	555,543	-	64,085	619,628

B. Public Works Project Component

Total Withdrawal During 2015	-	-	-	-	-
Total Withdrawal as of 31/12/2014	-	-	-	-	-
Total Withdrawal as of 31/12/2015	-	-	-	-	-
Total Accumulated Withdrawals as of 31/12/2015	-	555,543	-	64,085	619,628

Basic Education Development Project-2nd Phase (BEDP)

IDA GRANT (H8250-RY)

SANA'A - REPUBLIC OF YEMEN

5- Goods, Consultancy Services & Training

Particular	Accumulated 31/12/14 USD	During Year 2015 USD	Accumulated 31/12/15 USD
MOE - PMU	7,334,776	3,413,984	10,748,760
PWP-PMU	21,083	224,973	246,056
TOTAL	7,355,859	3,638,957	10,994,816

6- CIVIL WORKS

Construction, expansion and rehabilitation of schools by the Public Works Project

	1,628,443	3,511,941	5,140,384
TOTAL	1,628,443	3,511,941	5,140,384

7- COMMUNITY GRANTS

Cash transfers to the beneficiaries targeted - Hodeidah

Cash transfers to the beneficiaries targeted - Lahjj

	878,972	-	878,972
	2,498,683	(727,341)	1,771,342
TOTAL	3,377,655	(727,341)	2,650,314

8- PMU- OPERATIONAL COSTS

Particular	Accumulated 31/12/14 USD	During Year 2015 USD	Accumulated 31/12/15 USD
MOE - PMU	955,919	309,191	1,265,110
PWP-PMU	189,748	104,771	294,519
TOTAL	1,145,667	413,962	1,559,629

Basic Education Development Project-2nd Phase (BEDP)

IDA GRANT (H8250-RY)

SANA'A - REPUBLIC OF YEMEN

9- Others

Particular	Accumulated During Year		Accumulated
	31/12/14	2015	31/12/15
	USD	USD	USD
Advances to Staff	1,648	(1,648)	-
TOTAL	1,648	(1,648)	-

10- CASH

Particular	Accumulated During Year		Accumulated
	31/12/14	2015	31/12/15
	USD	USD	USD
<u>MOE - PMU</u>			
SA at CBY	449,579	(111,276)	338,303
Current Account at CBY	115,884	189,214	305,098
Current Account Gov't Contribution	100,945	(67,471)	33,474
TOTAL	666,408	10,467	676,875
<u>PWP-PMU</u>			
SA at CBY	1,385,701	(1,164,362)	221,339
Cash in Hand	488	(411)	77
TOTAL	1,386,189	(1,164,773)	221,416
GRAND TOTAL	2,052,597	(1,154,306)	898,291

Basic Education Development Project-2nd Phase (BEDP)

IDA GRANT (H8250-RY)

SANA'A – REPUBLIC OF YEMEN

11- Accumulated Summary for the Sources & Uses of Funds as of 31/12/2015

<u>Sources of Funds</u>	<u>IDA Grant USD</u>	<u>Gov't Of Yemen USD</u>	<u>Other USD</u>	<u>TOTAL USD</u>
<u>MOE- PMU Component</u>				
Replenishments as per IFRs	14,721,072	619,628	-	15,340,700
Ex-Change Differnecies	-	-	401	401
<u>PWP Component</u>				
Replenishments as per IFRs	5,902,333	-	-	5,902,333
<u>Total Sources of Fund</u>	<u>20,623,405</u>	<u>619,628</u>	<u>401</u>	<u>21,243,434</u>
<u>USES OF FUNDS</u>				
Goods, Consultancy Services & Training	10,855,735	139,081	-	10,994,816
Civil Works	5,140,384	-	-	5,140,384
Community Grants	2,650,314	-	-	2,650,314
Operational Costs	1,112,556	447,073	-	1,559,629
<u>Total Uses</u>	<u>19,758,989</u>	<u>586,154</u>	<u>-</u>	<u>20,345,143</u>
Surplus Resources for Uses	864,416	33,474	401	898,291
<u>Closing Balance 31/12/2015</u>	<u>864,416</u>	<u>33,474</u>	<u>401</u>	<u>898,291</u>

Basic Education Development Project-2nd Phase (BEDP)

IDA GRANT (H8250-RY)

SANA'A - REPUBLIC OF YEMEN

12- Accumulated Summary for the Sources & Uses of Funds by component as of 31/12/2015

<u>Particular</u>	<u>MOF-PMU</u> <u>31/12/15</u> <u>USD</u>	<u>PWP</u> <u>31/12/15</u> <u>USD</u>	<u>TOTAL</u> <u>31/12/15</u> <u>USD</u>
<u>Sources of Funds</u>			
IDA Grant (H8250-RY)	14,721,072	5,902,333	20,623,405
Government Contribution	619,628	-	619,628
Ex-Change Differencies	359	42	401
<u>TOTAL SOURCES OF FUNDS</u>	<u>15,341,059</u>	<u>5,902,375</u>	<u>21,243,434</u>
<u>Deduct:</u>			
<u>Uses of Funds</u>			
Goods, Consultancy Services & Training	10,748,760	246,056	10,994,816
Civil Works	-	5,140,384	5,140,384
Community Grants	2,650,314	-	2,650,314
Operational Costs	1,265,110	294,519	1,559,629
<u>TOTAL USES OF FUNDS</u>	<u>14,664,184</u>	<u>5,680,959</u>	<u>20,345,143</u>
Surplus sources for uses	676,875	221,416	898,291
<u>CASH BALANCE - ENDING PERIOD</u>	<u>676,875</u>	<u>221,416</u>	<u>898,291</u>

Basic Education Development Project-2nd Phase (BEDP)

IDA GRANT (H8250-RY)

SANA'A – REPUBLIC OF YEMEN

13- Summary of Bank Accounts' Movement as of December 31, 2015

Particular	MOE- PMU Component		Public Works Project Component
	Central Bank of Yemen	Central Bank of Yemen	Central Bank of Yemen
Account No.	01-1226-0010235	001-1055-0010033	01-1225-00110235
Depository Bank	Central Bank of Yemen	Central Bank of Yemen	Central Bank of Yemen
Address	Sana'a, ROY	Sana'a, ROY	Sana'a, ROY
Currency	USD	YR	USD
Particular	USD	YR	USD
Opening Balance 1/1/2015	449,579	115,884	1,385,701
Add			
Replenishments Amounts to Account During 2015	2,856,261	-	1,027,298
Returned Amounts to Account	780	779,318	-
Amount transferred to Sub-account (Local Currency)	(2,380,649)	2,380,649	-
Total	925,971	3,275,851	2,412,999
Deduct			
Withdrawals as of 31.12.2015	587,668	2,970,753	2,191,660
Total Withdrawal as of 31/12/2015	587,668	2,970,753	2,191,660
Bank Accounts Balance as of 31/12/2015	338,303	305,098	221,339
Petty cash Balance	-	-	77
TOTAL	338,303	305,098	221,416