THE REPUBLIC OF SOUTH SUDAN
MINISTRY OF TRANSPORT ROADS AND BRIDGES
SOUTH SUDAN – EASTERN AFRICA REGIONAL TRANSPORT, TRADE AND
DEVELOPMENT FACILITATION PROGRAM
PHASE ONE
IDA CREDIT No-5363-SS
FINANCIAL REPORT
FOR THE FOURTEEN MONTHS ENDED 30TH JUNE, 2015

STRICTLY CONFIDENTIAL

December 2015
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INTRODUCTION

1. Background

The South Sudan – Eastern Africa Regional Transport, Trade and Development Facilitation Program, Phase One, is financed by a Credit from the International Development Association, China Exim Bank and the Government of South Sudan. The project was established by Financing Agreement No. IDA CREDIT No-5363-SS entered into between the Government of the Republic of South Sudan and the International Development Association and is implemented by the Ministry of Transport, Roads and Bridges.

2. Project summary

<table>
<thead>
<tr>
<th>Borrower</th>
<th>Ministry of Finance and Economic Planning – Republic of South Sudan – Juba</th>
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<tbody>
<tr>
<td>Project Development objective</td>
<td>The project development objective is to enhance regional connectivity and integration of South Sudan with its Eastern Africa neighbouring countries and its access to sea ports. The Development Objective for Phase 1-the first project- focuses on enhancing connectivity to Mombasa Port, improving customs, and promoting trade and development facilitation along the Juba-Nadapal-Eldoret corridor.</td>
</tr>
</tbody>
</table>
| Project components | • Upgrading of priority road infrastructure  
• Facilitation of regional transport, trade and development  
• Institutional development and program management  
• Connecting South Sudan with fibre optics |
| Sectors | • Rural and Inter-Urban Roads and Highways  
• Public administration- Transportation  
• General information and communications sector  
• General industry and trade sector |
| Project activities location | South Sudan |
| Project implementation period | December 22, 2014 to December 30, 2019. Implementation period 5 years. |
| Project value | The project cost is US$ 255 million for the 5 years (2014-2019) |
| Approved credit | US$ 80,000,000 Financed by a Credit from the International Development Association (IDA) |
| Financing date | May 20, 2014 |
| Implementing agencies | • Ministry of Transport, Roads and Bridges (also supporting Ministry of Telecom and Postal Services in project implementation)  
• South Sudan Customs Services |
3. Main activities undertaken during the year

The main activity undertaken during the fourteen months ended 30th June 2015 was preparation for the substantive project. The specific activities included preparation of the bidding documents for the upgrading of the road section to bitumen standard of the 125km Juba–Torit road including the Torit by-pass section of the road; engineering design review and preparation of an Output and Performance Based Road Contracting (OPRC) for Juba–Nadapal Road; facilitated the South Sudan Customs Services (SSCS) to establish a Project Implementation Unit (PIU); and limited staff capacity building on trade facilitation.

4. Scope of the Financial Audit Review

I have performed the procedures enumerated below with respect to the South Sudan Eastern Africa Regional Transport, Trade and Development Facilitation Project Statement of Cash Receipts and Payments for the fourteen months ended 30th June, 2015.

- Examined whether the Project has complied with the rules for accounting and record keeping of the Grant Agreement with a view to assess whether an efficient and effective expenditure verification of the Financial Report is feasible and to report important exceptions and weaknesses with regard to accounting, record keeping and documentation requirements so that the Project can undertake follow-up measures for correction and improvement for the remaining implementation period.

- Consideration of Value was the primary factor used by the Auditor to select expenditure items or classes of expenditure. The Auditor also used appropriate judgment in selection of specific expenditure items or classes of expenditure items so as to cover expenses/areas that are unusual or inherently risky or error-prone.

- Exercised professional judgment to obtain sufficient appropriate verification evidence as to whether the expenditure has occurred (reality and quality of the expenditure) and – where applicable - assets exist. The Auditor verified the reality and quality of the expenditure for a transaction or action by examining proof of work done, goods received or services rendered on a timely basis, at acceptable and agreed quality and at reasonable prices or costs.

- Evaluation of the internal control environment in order to determine areas of weaknesses in the internal control system and to obtain assurance that the transactions for the action are properly authorized checked and approved by the appropriate personnel.
REPORT OF THE AUDITOR GENERAL OF SOUTH SUDAN

To The Minister of Finance and Economic Planning, Government of the Republic of South Sudan:

I have audited the accompanying financial statements for the South Sudan Eastern Africa Regional Transport, Trade and Development Facilitation project for the fourteen months ended 30th June, 2015 as set out on pages 4 to 7 which comprise the Statement of Cash Receipts and Payments, a summary of the significant accounting policies and other explanatory notes.

Management's Responsibility

The Project Management Unit and the Ministry of Finance Public Financial Management Unit are responsible for the preparation of these financial statements in accordance with the International Public Sector Accounting Standards (IPSAS), Financial Reporting under the Cash Basis of Accounting, and for such internal control as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor General's responsibility

My responsibility is to express an independent opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 judgement, 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 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 presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements give a true and fair view of the revenue collected and expenses paid under this project during the fourteen months ended 30th June, 2015 in accordance with the International Public Sector Accounting Standards on cash receipts and disbursements basis as described in note (i); Significant Accounting Policies.

Steven Wondu
Auditor General
South Sudan National Audit Chamber
Juba

2015

This report is solely intended for the information and use of the Government of the Republic of South Sudan, the World Bank and International donors participating in the South Sudan Transition Trust Fund.
SOUTH SUDAN – EASTERN AFRICA REGIONAL TRANSPORT, TRADE AND DEVELOPMENT FACILITATION PROGRAM
IDA CREDIT NUMBER: 5363-SS

STATEMENT OF CASH RECEIPTS AND PAYMENTS
FOR THE FOURTEEN MONTHS ENDED 30 JUNE 2015

<table>
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<tr>
<th></th>
<th>FOURTEEN MONTS ENDED 30.06.2015</th>
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<tbody>
<tr>
<td></td>
<td>USD</td>
</tr>
<tr>
<td><strong>RECEIPTS</strong></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>2,323,733.00</td>
</tr>
<tr>
<td>Other receipts</td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td></td>
</tr>
<tr>
<td>Total receipts</td>
<td>2,323,733.00</td>
</tr>
<tr>
<td><strong>PAYMENTS</strong></td>
<td></td>
</tr>
<tr>
<td>Payments as per agreement components</td>
<td>861,804.29</td>
</tr>
<tr>
<td>Other payments</td>
<td></td>
</tr>
<tr>
<td>Bank charges (a)</td>
<td>3,428.59</td>
</tr>
<tr>
<td>Total payments</td>
<td>865,232.88</td>
</tr>
<tr>
<td>Increase / (decrease) in cash during the period</td>
<td>1,458,500.12</td>
</tr>
<tr>
<td>Cash at beginning of the period</td>
<td></td>
</tr>
<tr>
<td>Increase in cash during the period</td>
<td>1,458,500.12</td>
</tr>
<tr>
<td>Cash at end of period</td>
<td>1,458,500.12</td>
</tr>
</tbody>
</table>

The financial statements on page 5 were approved for issue by the Project Management on
........................................2015 and signed on its behalf by:

........................................... Undersecretary MTRB ........................................

Project Coordinator

The accounting policies on page 5 to 6 and the notes on page 7 form an integral part of these financial statements.

SIGNIFICANT ACCOUNTING POLICIES

i) Basis of preparation

These are the inaugural financial statements for the South Sudan – Eastern Africa Regional Transport, Trade and Development Facilitation Program. The Financial Statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) “Financial Reporting under the Cash Basis of Accounting” on a modified cash basis of accounting. The modified cash basis comprises of the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting, transactions and other events are recognised if and when cash is received or paid.

ii) Reporting entity

The financial statements are for the South Sudan – Eastern Africa Regional Transport, Trade and Development Facilitation Program of the Government of the Republic of South Sudan and the International Development Association.

iii) Reporting currency

The reporting currency is United States Dollars (USD).

iv) Foreign currency transactions

Transactions in foreign currencies during the reporting period are converted into US dollars at rates ruling on the transaction dates.

v) Contributions

Contributions comprise where applicable deposits of advances made directly to the Project’s segregated bank account by the World Bank as well as any payments made directly to suppliers and contractors by the World Bank under the categories defined in the financing agreement and as procured by the Project.

Direct contributions to the Project’s segregated bank account
Contributions made directly to the Project’s segregated bank account are recognised upon receipt.

Other contributions
Any payments made directly to the project’s suppliers and contractors are recognised upon payment.

vi) Payments

Payments are made in line with the provisions of the financing agreement. Transactions are only recognized in the financial statements if and when payment is made.
vii) Assets

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and cash on hand.

Receivables
Receivables arising from cash payments that are recoverable from implementing State level ministries and third parties, including loans advanced are disclosed in the notes to the financial statements.

Fixed assets and inventory
Fixed assets and inventory are written off upon purchase. Any amounts on hand at the reporting date are shown at cost in the notes to the financial statements.

viii) Liabilities

Payables
Amounts payable are shown in the notes to the financial statements. [At 30 June 2015 this policy had not been effected].

Accruals
Accruals representing goods and services that have been rendered to the Project, but for which no invoices have been presented by the suppliers at the reporting date are disclosed in the notes to the financial statements. [At 30 June 2015 this policy had not been effected].

Contingent liabilities
Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the ministries and Government agencies. Contingent liabilities may also comprise present obligation that arise from past events but are not recognised either because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligations or the amount of the obligations cannot be measured with sufficient reliability. [At 30 June 2015 this policy had not been effected].

Contingent liabilities are disclosed in the notes to the financial statements. [At 30 June 2015 this policy had not been effected].

Commitments
Commitments represent goods and services that have been approved and/or contracted, but where no delivery has taken place at the reporting date. Commitments are not recognised in the Statement of Cash Receipts and Payments as liabilities or as expenditure, but rather are disclosed in the notes to the financial statements. [At 30 June 2015 this policy had not been Effected]
NOTES TO THE FINANCIAL STATEMENTS

1. CONTRIBUTIONS

FOURTEEN MONTHS
ENDED 30.06.2015
IDA
USD
Direct Payments 223,733.00
Designated Account 2,100,000.00
Total 2,323,733.00

2. INTEREST INCOME

14 MONTHS ENDED 30.06.2015
IDA
USD
Stanbic Bank Nairobi
Designated Account

3. PAYMENTS AS PER AGREEMENT COMPONENTS

FOURTEEN
MONTHS ENDED
30.06.2015
IDA
USD
Upgrading of priority road infrastructure 820,327.09
Facilitation of Regional Transport, Trade and Development
Institutional Development and Program Management 41,477.20
Connecting Juba with Fibre Optics
Total 861,804.29

4. OTHER PAYMENTS

a) Bank charges

FOURTEEN
MONTHS 30.06.2015
IDA
USD
Stanbic Bank USD Designated Account 1,458,500.12

5. CASH BALANCES

30.06.15
USD
Stanbic Bank Nairobi USD Designated Account 1,458,500.12
Line Ministry Account
Total 1,458,500.12