



COUR DES COMPTES

P A R T I

FINANCIAL STATEMENTS OF THE EMERGENCY FARM RECONSTRUCTION PROJECT IN KOSOVO FOR THE PREPARATORY PHASE FOR THE PERIOD ENDED 31 DECEMBER 2000

EXTERNAL AUDITOR'S REPORT

My staff audited the accompanying financial statements of the Preparatory Phase of the Emergency Farm Reconstruction Project (EFRP) in Kosovo (financed by the International Development Association - IDA - under the Trust Fund - TF- Grant Agreement TF 023448 of 16 April 2000) as of 31 December 2000, for the year then ended. The financial statements are the responsibility of the Director-General of the Food and Agriculture Organization (FAO), which implemented the project. My responsibility is to express an opinion on these financial statements based on the audit.

The audit was conducted in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations (UN), the Specialized Agencies and the International Atomic Energy Agency and with the Terms of Reference (TOR) for the audit of the EFRP. These standards require that the audit be planned and carried out to obtain reasonable assurance that the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and evaluating the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinion.

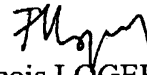
I am of the opinion that the financial statements give a true and fair view of the financial situation of the Sources and Applications of Funds of the preparatory phase of the EFRP for the year ended 31 December 2000 in accordance with applicable accounting standards as detailed in paragraphs 15 to 16 of the attached management letter and taking into consideration the derogation given by the World Bank in its attached letter dated 29 August 2001 (see paras. 23 to 25 of the attached management letter for more details).

As requested by paragraph 4 of the TOR for the audit of the EFRP, my staff also audited the Statements of Expenditures (SOEs) used as the basis for the submission of withdrawal application. Two SOEs were submitted on 7 September 2000 and 22 January 2001 for US\$ 491,570 and US\$ 50,930, respectively. The tests and controls applied included notably the examination of the SOEs' supporting documentation and the reconciliation between the SOEs and the financial statements.

An amount of US\$ 5,312 corresponding to 11 transactions, which are included in the amount disclosed as "uses of funds" in the financial statements, were never reported in the SOEs submitted to the WB. As disclosed in Statement A, such was the cause for the difference between the "sources of funds" (US\$ 542,5000 interest income excluded) and the "uses of funds" (US\$ 547,812). With the addition of the interest income of US\$ 2,292 to the "sources

of funds", the difference was reduced to US\$ (3,020) as disclosed under "closing balances" in Statement A.

The SOEs submitted were not prepared on the sole basis of expenditures actually paid by the FAO but also included expenditures for which no disbursement had been made during the period of such statement. Inclusion of unpaid expenditures is not in line with GC 6.4 (d) of the Agreement between the UNMIK and the FAO, which stipulates that the FAO would "*periodically prepare statements reflecting expenditures paid during the period of such statement, in a format specified in Appendix LX [standard SOE] together with associated supporting documentation, as necessary*".



François LOGEROT
Premier président de la Cour des comptes
de la République française
External Auditor

14 November 2001

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FACSIMILE COVER SHEET AND MESSAGE

DATE:	August 29, 2001	NO. OF PAGES: 1 (including cover sheet)	MESSAGE NO.:
TO:	Michael E. Ruddy	FAX NO.:	011 39 06-57055675
Title:	Consultant/Interim Director		
Organization:	Food and Agriculture Organization of the United Nations		
City/Country:	Rome, Italy		
FROM:	Ranjan Ganguli	FAX NO.:	+1 (202) 614 0696
Title:	Senior Financial Management Specialist	Telephone:	+1 (202) 473 4627
Dept/Div:	ECSSD	Dept./Div. No.:	1885
SUBJECT:	Kosovo Emergency Farm Reconstruction Project – Audit of TF 23448		

MESSAGE:

In connection with your request to confirm the eligibility of the expenditures relating to the Kosovo Emergency Farm Reconstruction Project Trust Fund 23448 in the amount of US\$ 16,826.10 as listed in Annex 1 to your fax dated August 28, 2001 which were paid for by the FAO after the grace period which ended on January 31, 2001. The Bank confirms, on a non-precedent basis, that these expenditures may be considered eligible given that the services had been received (not only incurred) by the project before the closing date of September 30, 2000. However, please note that expenditures paid for after the grace period granted by the World Bank upon the closing of a project are not normally considered eligible expenditures and therefore it is hoped that this will not recur for the main implementation grant and other grants relating to this project.

Best regards,


 Ranjan Ganguli

Transmission authorized by: Authorization

If you experience any problem in receiving this transmission, inform the sender at the telephone or fax no. listed above.



Kosovo, Federal Republic of Yugoslavia (Serbia and Montenegro)
Emergency Farm Reconstruction Project (EFRP) - Preparatory Phase
IDA Grant No.023448

Financial Statements for the period ended 31 December 2000

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- Annex II Schedule listing individual Statement of Expenditures (SOE) withdrawal application by specific reference number and amount in US dollars for the period ended 31 December 2000

Prepared by:


Pasquale Rispoli
Executive Officer, Special Relief Operations Service

Certified by:


Michael Ruddy
Consultant/Interim Director, Finance Division

Kosovo, Federal Republic of Yugoslavia (Serbia and Montenegro)
 Emergency Farm Reconstruction Project (EFRP) - Preparatory Phase
 IDA Grant No.023448

Financial Report 1-A

Statement of Sources and Uses of Funds for the period ended 31 December 2000
 (in US dollars)

	Actual		Planned		Variance		PAD 1)
	Year-to-Date	Cummulative-to-Date	Year-to-Date	Cummulative-to-Date	Year-to-Date	Cummulative-to-Date	Life of Prep Grant
Opening Balances of grants received							
IBRD Preparation Grant	-	-	-	-	-	-	
Other Funds	-	-	-	-	-	-	
Total	-	-	-	-	-	-	
Add:							
Sources of Funds							
IBRD Preparation Grant	542,500	542,500	565,000	565,000	22,500	22,500	565,000
Other Funds (interest on cash balance)	2,292	2,292	-	-	-2,292	-2,292	-
Total	544,792	544,792	565,000	565,000	20,208	20,208	565,000
Less:							
Uses of Funds							
Consultants Services	313,408	313,408	308,000	308,000	-5,408	-5,408	308,000
Goods	116,827	116,827	118,000	118,000	1,173	1,173	118,000
Incremental Operating Services	117,577	117,577	139,000	139,000	21,423	21,423	139,000
Total	547,812	547,812	565,000	565,000	17,188	17,188	565,000
Closing balances of grants received							
IBRD Preparation Grant	-3,020	-3,020	-	-	3,020	3,020	
Other Funds	-	-	-	-	-	-	
Total	-3,020	-3,020	-	-	3,020	3,020	

NOTES

The final statement shows all funds received including the interest credited to the project during 2001 but due to date.

All expenditures incurred as of September 30, 2000 are included, independent of when they have been paid and recorded in the accounting records of the Organization.

1) PAD - Project Appraisal Document

Kosovo, Federal Republic of Yugoslavia (Serbia and Montenegro)
 Emergency Farm Reconstruction Project (EFRP) - Preparatory Phase
 IDA Grant No.023448

Financial Report I-B

Summary of Expenditures for the period ended 31 December 2000
 (in US dollars)

	Actual		Planned		Variance		Life of Prep Grant
	Year-to-Date	Cummulative-to-Date	Year-to-Date	Cummulative-to-Date	Year-to-Date	Cummulative-to-Date	
1. Personnel costs							
a. Project Management Team	79,667	79,667	92,000	92,000	12,333	12,333	92,000
b. Technically specialized short-term Personnel	170,146	170,146	170,000	170,000	-146	-146	170,000
2. Sub-consultants (NGOs)	138,000	138,000	138,000	138,000	0	0	138,000
3. Program Support (FAO HQ)	27,000	27,000	27,000	27,000	0	0	27,000
4. Goods							
a. For FAO ECU	109,977	109,977	111,000	111,000	1,023	1,023	111,000
b. For equipment for the quarantine stations	6,850	6,850	7,000	7,000	150	150	7,000
5. Incremental Costs	16,172	16,172	20,000	20,000	3,828	3,828	20,000
Total Project Preparation Expenditure	547,812	547,812	565,000	565,000	17,188	17,188	565,000

Kosovo, Federal Republic of Yugoslavia (Serbia and Montenegro)
 Emergency Farm Reconstruction Project (EFRP) - Preparatory Phase
 IDA Grant No.023448

Annex I Reconciliation between the amounts shown as received by the project from the World Bank and that shown as being disbursed by the World Bank for the period ended 31 December 2000 (in US dollars)

List of funds received					Received by the project from the World bank	Disbursed by the World Bank
Amount	Type of reimbursement	Date sent	Date disbursed			
300,000	advance	01-Apr-00	05-May-00	yes	-	
191,570	SOE	07-Sep-00	13-Sept.-00	yes	-	
50,930	SOE	22-Jan-01	29-Jan-01	yes	-	
<u>2,292</u>	interest	n/a	Feb-01	credit from FAO	-	
Total						
<u>544,792</u>						

Kosovo, Federal Republic of Yugoslavia (Serbia and Montenegro)
 Emergency Farm Reconstruction Project (EFRP) - Preparatory Phase
 IDA Grant No.023448

Annex II Schedule listing individual statement of expenditure (SOE) withdrawal application by specific reference number and amount in US dollars for the period ended 31 December 2000

List of funds received

	Amount	Type of reimbursement	Date sent	Date disbursed
Application 1	300,000	advance	01-Apr-00	05-May-00
Application 2	191,570	SOE	07-Sep-00	13-Sept.-00
Application 3	50,930	SOE	22-Jan-01	29-Jan-01
Total	<u>542,500</u>			