

AUDITED PROJECT FINANCIAL STATEMENTS

Project N° : 2000001771

IFAD Loan No. 2000002327

OFID Grant No. 2000002328

IFAD RPSF Grant No 2000003482

Period covered 1st January 2020– 31st December 2020

Resilient Land And Resource Management Project (RELAP)

Prepared by: Suleiman & Co. Certified Public Accountants

Received on 18th Mars 2021

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THE MINISTRY OF AGRICULTURE

Project Title

Resilient Land & Resource Management Project
(RELAP)
Grants Num. (2000002327, 2000002328, 2000003482)

Funded by

International Fund for Agricultural Development (IFAD)

And

OPEC Fund for International Development (OFID)

Financial Statements
and Independent Auditor's Report
for the period from January 1, 2020 to December 31, 2020

**The Ministry of Agriculture
Resilient Land and Resource Management Project (RELAP)
Funded by International Fund for Agricultural Development (IFAD) and OPEC Fund for
International Development (OFID)
Financial Statements for the Period from January 1, 2020 to December 31, 2020**

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Independent Auditor's Report

To The Ministry of Agriculture (MoA)
Ramallah – Palestine

Opinion

We have audited the financial statements of “**Resilient Land & Resource Management Project (RELAP)**” (the Project) funded by the International Fund for Agriculture Development (IFAD) and OPEC Fund for International Development (OFID) Grants Num. (2000002327, 2000002328, 2000003482) and implemented by the Ministry of Agriculture (hereinafter “MoA”), which comprise the statement of balance sheet as of December 31, 2020, and the related statement of sources and uses of funds, withdrawal application statement and designated bank account statement for the period from January 1, 2020 to December 31, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the balance sheet of “**Resilient Land & Resource Management Project (RELAP)**” funded by the International Fund for Agriculture Development and OPEC Fund for International Development and implemented by the Ministry of Agriculture as of December 31, 2020, and the related statement of sources and uses of funds, withdrawal application statement and designated bank account statement for the period then ended **in accordance with International Public Sector Accounting Standard (IPSASs)**

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) especially ISAs 700/705. 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 the Project in accordance with the ethical requirements that are relevant to our audit of the financial statements in areas under the jurisdiction of the Palestinian Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

Based on our review, in all material respects, we ensured that:

1. The Designated Account currency equivalent was determined using the historical exchange rate of transfers to the operating account;
2. Goods and services have been purchased through the statement of expenditure (SOE) mechanism in line with the stipulated SOE threshold;
3. The expenditure claimed through SOE procedures were properly and appropriately authorized, classified and supported by audit documentation;
4. No ineligible expenditure was identified;
5. The accuracy of the Designated Account reconciliations;
6. Designated Accounts have been maintained in accordance with the provisions of the financing agreement;
7. Yearly and cumulative statements of sources and application of funds, which should disclose separately IFAD's funds, other donors' funds and beneficiaries' funds have been reflected in the financial statements; and
8. Yearly and cumulative status of funds by categories and by components.

Suleiman & Co. Certified Public Accountants - License No. 205
Correspondent Firm of RSM International in East Jerusalem, West Bank and Gaza

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting as described in Note 2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. MoA is responsible for overseeing the Project's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the Project financial statements taken 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 judgment and maintain professional skepticism throughout the audit.

We also:

1. 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.
2. 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 the Project's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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, if any.



Ismail Suleiman
Certified Public Accountant
License number 131/2000
Ramallah, March 17, 2021

**The Ministry of Agriculture
Resilient Land and Resource Management Project (RELAP)
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Financial Statements for the Period from January 1, 2020 to December 31, 2020**

Statement of Balance Sheet

(All amounts in USD)

	<u>Note</u>	<u>As of December 31, 2020</u>	<u>As of December 31, 2019</u>
Assets			
Current assets			
Cash at banks	19	2,399,942	2,431,531
Total current assets		<u>2,399,942</u>	<u>2,431,531</u>
Total assets		<u>2,399,942</u>	<u>2,431,531</u>
 Liabilities and fund balance			
Fund balance	19	2,399,942	2,431,531
Total liabilities and fund balance		<u>2,399,942</u>	<u>2,431,531</u>

The accompanying notes form an integral part of these financial statements.

**The Ministry of Agriculture
Resilient Land and Resource Management Project (RELAP)
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Statement of Sources and Uses of Funds

(All amounts in USD)

	Note	2020	For period from August 1, 2018 to December 31, 2019	Cumulative to December 31, 2020
Fund balance – beginning of year/ period		2,431,531	-	-
Sources of fund				
Governmental contribution	3	-	1,166,000	1,166,000
IFAD contribution	4	540,375	1,200,000	1,740,375
OFID contribution	5	141,429	237,500	378,929
Beneficiaries and village council contribution	6	78,849	2,342	81,191
RPSF Grant	7	273,712	-	273,712
Total sources of fund		1,034,365	2,605,842	3,640,207
Uses of funds				
<u>IFAD</u>				
Category 1: Consultancies	9	6,825	10,000	16,825
Category 2: Goods, services & equipment	10	71,079	22,610	93,689
Category 3: Grants		-	-	-
Category 4: Training & workshops	11	304	3,674	3,978
Category 5: Works	12	553,830	-	553,830
Category 6: Salaries & allowances	13	83,616	127,221	210,837
Category 7: Operating costs	14	2,360	-	2,360
Sub-total		718,014	163,505	881,519
<u>OFID</u>				
Category 5: Works	12	189,138	-	189,138
Sub-total		189,138	-	189,138
<u>Government</u>				
Category 1: Consultancies	9	8,525	742	9,267
Category 5: Works	12	81,071	-	81,071
Category 7: Operating costs	14	5,221	10,064	15,285
Sub-total		94,817	10,806	105,623
<u>Beneficiaries and village council</u>				
Category 5: Works	12	63,985	-	63,985
Sub-total		63,985	-	63,985
Total uses of funds		1,065,954	174,311	1,240,265
Change in fund balance		(31,589)	2,431,531	2,399,942
Fund balance – end of year/ period		2,399,942	2,431,531	2,399,942

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Statement of Withdrawal Application- IFAD

(All amounts in USD)

<u>Withdrawal application number</u>	<u>Date</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Category 4</u>	<u>Category 5</u>	<u>Category 6</u>	<u>Category 7</u>	<u>Total</u>
Section A: Payment method- Replenishment									
Approved withdrawals									
WA No. 3	May 3, 2020	10,000	22,610	-	3,674	-	127,221	-	163,505
WA No. 4	August 12, 2020	-	64,003	-	-	262,207	50,660	-	376,870
WA No. 5	December 1, 2020	-	-	-	96	123,773	28,416	-	152,285
Pending submission									
WA No. 6*		6,825	7,076	-	208	167,850	4,540	2,360	188,859
		<u>16,825</u>	<u>93,689</u>	<u>-</u>	<u>3,978</u>	<u>553,830</u>	<u>210,837</u>	<u>2,360</u>	<u>881,519</u>

*** Expenses recorded by MoA in year 2020 but not reported to IFAD as of December 31, 2020.**

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Statement of Withdrawal Application- OFID

(All amounts in USD)

<u>Withdrawal application number</u>	<u>Date</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Category 4</u>	<u>Category 5</u>	<u>Category 6</u>	<u>Category 7</u>	<u>Total</u>
Section A: Payment method- Replenishment									
Approved withdrawals									
WA No. 2	May 3, 2020	-	-	-	-	12,500	-	-	12,500
WA No. 3	August 12, 2020	-	-	-	-	128,929	-	-	128,929
Pending submission									
WA No. 4*		-	-	-	-	47,709	-	-	47,709
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>189,138</u>	<u>-</u>	<u>-</u>	<u>189,138</u>

*** Expenses recorded by MoA in year 2020 but not reported to OFID as of December 31, 2020.**

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Designated Bank Account Statement- IFAD

Bank Account number [REDACTED]

Depository bank [REDACTED]

Address Ramallah

Managed by MoF

Currency U.S. Dollar (USD)

	<u>Note</u>	<u>2020</u>	<u>For period from August 1, 2018 to December 31,</u>	<u>Cumulative to December 31, 2020</u>
Balance – beginning of year/ period		-	-	-
Receipts during the year/ period- IFAD	4	540,375	1,200,000	1,740,375
RPSF Grant	7	273,712	-	273,712
Total		814,087	1,200,000	2,014,087
Deduct				
Transfer to MoA	8	814,087	1,200,000	2,014,087
Total		814,087	1,200,000	2,014,087
Balance – end of year/ period		-	-	-

The accompanying notes form an integral part of these financial statements.

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Designated Bank Account Statement- OF

Bank Account number [REDACTED]

Depository bank [REDACTED]

Address Ramallah

Managed by MoF

Currency U.S. Dollar (USD)

	<u>Note</u>	<u>2020</u>	<u>For period from August 1, 2018 to December 31.</u>	<u>Cumulative to December 31, 2020</u>
Balance – beginning of year/ period		-	-	-
Receipts during the year/ period	5	141,429	237,500	378,929
Total		141,429	237,500	378,929
Deduct				
Transfer to MoA	8	141,429	237,500	378,929
Total		141,429	237,500	378,929
Balance – end of year/ period		-	-	-

The accompanying notes form an integral part of these financial statements.

Notes to the Project Financial Statements

(All amounts in USD)

1. The Project and its Financing

Government of Palestine has received a financing from the International Fund for Agricultural Development (IFAD) and from OFID towards the cost of Resilient Land & Resource Management Project (RELAP), and intends to apply a portion of the proceeds of this loan to eligible payments under this contract. Payment by IFAD will be made only at the request of the Ministry of Agriculture (MOA) and upon approval by IFAD, and will be subject, in all respects, to the terms and conditions of the financing agreement. The financing agreement prohibits a withdrawal from the fund account for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of IFAD, is prohibited by a decision of the United Nations Security Council taken under chapter VII of the Charter of the United Nations. No parties other than the MOA shall derive any rights from the financing agreement or have any claim to financing proceeds.

The RELAP project is designed to promote institutional development among its core partners. In this regard, the project will contribute to institutional development and outcomes in several ways, including:

- 1) The establishment of the project management unit (PMU) in the MoA, which will have overall responsibility for implementing RELAP;
- 2) The promotion of adaptive and inclusive land development practices, for further scaling-up by government;
- 3) The development and establishment of institutionalized support and advisory services for the promotion of the rural poor's market integration and bulking of agricultural produce;
- 4) Capacity development of government structures and other stakeholders in utilizing climate information; and
- 5) Support to and expansion of public-private-NGO partnerships in climate adaptive infrastructure and land development models.

The work on land development practices and models is expected to generate useful knowledge products on low cost highly adaptive interventions that have better inclusion and gender sensitivity.

Similarly, with the work on climatic modelling and forecasting will constitute a knowledge platform upon which farmers will be able to make better informed decisions on adaptation practices related to crop choice, planting regimes, irrigation practices and other climate related issues.

RELAP objectives

Overall objective: To improve the resilience, land security and livelihoods of rural producers' households in selected villages of the West Bank.

Developmental project: To increase climate resilience, land productivity, agricultural production and marketing opportunities for smallholders and landless rural poor areas.

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Overview of RELAP

1. RELAP will be implemented over a 6-year period, starting in the course of the second semester of 2018. Project investments are organized into three major components: i) Climate adaptive land development; ii) Market linkages for the rural poor areas; iii) Improved public services for upscaling climate resilient agricultural land use and production systems.
2. RELAP will support key partners in accelerating resilient rural economic growth by both expanding the area under cultivation as well as increasing the productivity and profitability of rural production. Special attention will be made to ensure adaptive and inclusion of less advantaged segments of the rural population, in particular families with limited access to land, women and youth, as well as promoting increased climate resilience through adapted agricultural practices, land and water governance and management.
3. This is expected to lead to three core impacts: Firstly, it will reduce food insecurity in targeted governorates by increasing food production and improving affordability of key nutritional foods. Secondly, it will increase incomes of the rural poor from higher production volumes and from tighter market integration. Thirdly, it will increase adaptive capacities of both farmers and rural households.
4. The development objective is to increase climate resilience, land productivity, agricultural production and marketing opportunities for smallholders and landless rural poor areas.
5. While land development and related natural resources management activities will constitute the core of the RELAP intervention, these will be made more climate adapted, supporting changes in land uses and in crop and livestock production systems, making them more resilient to current and future climate trends. Off-farm livelihood activities will be promoted, specifically targeted to vulnerable rural people and climate adapted small-scale businesses. Interventions will be clustered, using the village as an entry point of interventions rather than the individuals. All this will result in RELAP being implemented utilizing a holistic approach, with three complementary technical components.

RELAP components;

Component 1: Climate resilient land development; which will enhance access to productive agricultural lands and water resource through testing the adaptation and cost-efficiency of diverse land development approaches and practices and investments in resilient land development, agricultural roads, soil improvement, and rainwater-harvesting facilities.

Component 2: Market linkages for the rural poor areas; will improve market linkages for beneficiaries of land development by facilitating clustering of agricultural products at the village level through the set-up of multi- stakeholders' rural platforms at the village level, collection centers and rural clustering of agricultural products and inclusive entrepreneurship dev. Support (inv. grants for landless people, women, youth, their associations).

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Component 3: Improve public services for climate resilience agriculture; will improve agro-climate information and extension services to farmers, by upgrading agro-metrological network in the WB and strengthen institutional and technical capacities for implementation of agriculture goals in the NDC.

Component 4: Project Management and coordination for management of resources, contracting of partners, supervision, M&E and documentation of experience and results.

6. The first component will enhance access to productive agricultural land and water resources, through a range of investments in resilient land development, agricultural roads, soil improvements and rain water harvesting facilities linked to water-use efficient complementary irrigation systems as well as the related capacities to sustain the investments.
7. The second component will improve market linkages by facilitating clustering of agricultural products at the village level. Also, specific focus of Component 2 will be on creating entrepreneurial opportunities and addressing constraints faced by the marginalized, including landless women and youth. With accelerating climate change, extremely high youth unemployment and low participation of women in the labor force, there is a clear need to develop climate resilient income generating activities and opportunities for these groups to develop market-led enterprises in the farming and off-farming rural sectors. Given the initial high costs required to develop climate-sensitive practices, a micro-enterprise facility will be established, which will include climate adaptation as a key criterion, for the award of investment grants.
8. The third component will improve public services for climate resilient agriculture and support Palestinian farmers in taking timely and effective action to protect their crops and animals from pests, diseases, extreme weather and climatic conditions, in addition to the human-induced challenges related to restrictions for Palestinians in the West Bank.

The closing date shall be December 31, 2024.

The management approved these financial statements for issuance on March 17, 2021.

Project Financing:

Resilient Land and Resource Management
 Project (RELAP)
 Expenditure Accounts Financiers
 (USD '000)

Expenditure Account	IFAD		OFID		The Government				Beneficiaries in				Total					
					in kind		in cash		kind		cash		Village council		RSPF		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1. Consultancies	632	0.61	90	0.09	178	0.17	139	0.13	-	-	-	-	-	-	-	-	1,039	0.09
2. Good, Services, Equipment	256	0.37	5	0.01	142	0.20	-	-	24	0.03	-	-	-	-	273.00	0.39	698	0.06
3. GRANT	-	-	-	-	-	-	553	0.85	-	-	98	0.15	-	-	-	-	651	0.06
4. Workshops	216	0.59	35	0.10	60	0.16	-	-	-	-	-	-	57	0.16	-	-	368	0.03
5. Work	2,553	0.44	844	0.15	934	0.16	299	0.05	852	0.15	298	0.05	-	-	-	-	5,781	0.52
6. Salaries and Allow ances	805	0.43	25	0.01	1,060	0.56	-	-	-	-	-	-	-	-	-	-	1,891	0.17
7. Operating Costs	104	0.17	-	-	326	0.54	175	0.29	-	-	-	-	-	-	-	-	606	0.05
Total PROJECT COSTS	4,566	0.43	1,000	0.09	2,700	0.25	1,166	0.11	876	0.08	396	0.04	57	0.01	273.00	0.39	11,034	100

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2. Summary of Significant Accounting Policies

The Project financial statements are prepared as per government applicable standards for Internationally funded projects.

Significant accounting policies follow:

- **Basis of accounting**

The Project financial statements are prepared using the International Public Sector Accounting Standards (IPSASs), issued by the International Public Sector Accounting Standards Board (the IPSASB) of the International Federation of Accountants (IFAC), under the Cash Basis of accounting. Sources of funds are recognized when related cash is received from the Donor and uses of funds are recognized when cash payments are made by the MoA.

- **Foreign currency**

The Project's basic functional currency is the United States Dollar (USD). Transactions that are expressed or denominated in other currencies were translated to USD using exchange rates in effect at the time of each transaction. Differences arising from the fluctuations in exchange rates were treated as exchange gains or losses in the statement of sources and uses of funds and designated bank account statement.

3. Governmental contribution

Description	Cash	In-kind	Total
Cumulative amount up to December 31, 2019	1,166,000	188,347	1,354,347
2020			
In-kind contribution	-	258,975	258,975
Total 2020	-	258,975	258,975
Cumulative amount up to December 31, 2020	1,166,000	447,322	1,613,322

4. IFAD contribution

Description	Date of transfer	2020
Cumulative amount up to December 31, 2019		1,200,000
2020		
Third payment	June 15, 2020	163,505
Forth payment	September 27, 2020	376,870
Total 2020		540,375
Cumulative amount up to December 31, 2020		1,740,375

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5. OFID contribution

Description	Date of transfer	2020
Cumulative amount up to December 31, 2019		237,500
2020		
Second payment	October 22, 2020	12,500
Third payment	December 28, 2020	128,929
Total 2020		141,429
Cumulative amount up to December 31, 2020		378,929

6. Beneficiaries and village council contribution

Description	Cash	In-kind	Total
Cumulative amount up to December 31, 2019	2,342	-	2,342
2020			
Beneficiaries contribution	42,063	290,551	332,614
Village council contribution	36,786	-	36,786
Total 2020	78,849	290,551	369,400
Cumulative amount up to December 31, 2020	81,191	290,551	371,742

7. RPSF contribution

Description	Date of transfer	2020
Cumulative amount up to December 31, 2019		-
2020		
First payment	December 27, 2020	273,712
Total 2020		273,712
Cumulative amount up to December 31, 2020		273,712

Note: The RPSF contribution refers to the Rural Poor Stimulus Facility “RPSF Grant No. 2000003482” an IFAD initiative that seeks to improve the resilience of rural livelihoods in the context of the crisis by ensuring timely access to inputs, information, markets and liquidity.

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8. Transfer from MoF to MoA

Description	Date of transfer	2020
IFAD	June 15, 2020	163,505
IFAD	September 27, 2020	376,870
RPSF	December 27, 2020	273,712
Sub-total		814,087
OFID	October 22, 2020	12,500
OFID	December 28, 2020	128,929
Sub-total		141,429
Total 2020		955,516

9. Category 1: Consultancies

Description	2020		For period from August 1, 2018 to December 31, 2019		Cumulative to December 31, 2020	
	Cash	In-kind	Cash	In-kind	Cash	In-kind
IFAD						
1. Climate resilient land development						
1.2 resilient land development	6,825	-	-	-	6,825	-
4. Program Management						
4.1 Investment costs	-	-	10,000	-	10,000	-
Sub-total	6,825	-	10,000	-	16,825	-
Government						
1. Climate resilient land development						
1.2 resilient land development	2,925	-	-	-	2,925	-
4. Program Management						
4.1 Investment costs	5,600	896	742	1,905	6,342	2,801
Sub-total	8,525	896	742	1,905	9,267	2,801
Grand total	15,350	896	10,742	1,905	26,092	2,801

10. Category 2: Goods, services & equipment

Description	2020		For period from August 1, 2018 to December 31, 2019		Cumulative to December 31, 2020	
	Cash	In-kind	Cash	In-kind	Cash	In-kind
IFAD						
1. Climate resilient land development						
1.2 resilient land development	32,203	-	11,600	-	43,803	-
4. Program Management						
4.1 Investment costs	38,876	-	11,010	-	49,886	-
Sub-total	71,079	-	22,610	-	93,689	-
Government						
1. Climate resilient land development						
1.2 resilient land development	-	4,129	-	3,429	-	7,558
4. Program Management						
4.1 Investment costs	-	6,220	-	2,097	-	8,317
Sub-total	-	10,349	-	5,526	-	15,875
Grand total	71,079	10,349	22,610	5,526	93,689	15,875

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Notes to the Project Financial Statements – continued
(All amounts in USD)

11. Category 4: Training & workshops

Description	2020		For period from August 1, 2018 to December 31, 2019		Cumulative to December 31, 2020	
	Cash	In-kind	Cash	In-kind	Cash	In-kind
IFAD						
2. Market linkages for the rural poor						
2.1 rural bulking of agricultural product	96	-	460	-	556	-
4. Program Management						
4.1 Investment costs	208	-	3,214	-	3,422	-
Sub-total	304	-	3,674	-	3,978	-
Government						
4. Program Management						
4.1 Investment costs	-	11,130	-	315	-	11,445
Sub-total	-	11,130	-	315	-	11,445
Grand total	304	11,130	3,674	315	3,978	11,445

12. Category 5: Works

Description	2020		For period from August 1, 2018 to December 31, 2019		Cumulative to December 31, 2020	
	Cash	In-kind	Cash	In-kind	Cash	In-kind
IFAD						
1. Climate resilient land development						
1.2 resilient land development	323,884	-	-	-	323,884	-
1.3 investment in agricultural roads	229,946	-	-	-	229,946	-
Sub-total	553,830	-	-	-	553,830	-
OFID						
1. Climate resilient land development						
1.2 resilient land development	189,138	-	-	-	189,138	-
Sub-total	189,138	-	-	-	189,138	-
Beneficiaries						
1. Climate resilient land development						
1.2 resilient land development	38,477	290,551	-	-	38,477	290,551
Sub-total	38,477	290,551	-	-	38,477	290,551
Village council						
1. Climate resilient land development						
1.3 investment in agricultural roads	25,508	-	-	-	25,508	-
Sub-total	25,508	-	-	-	25,508	-
Government						
1. Climate resilient land development						
1.2 resilient land development	81,071	36,699	-	-	81,071	36,699
1.3 investment in agricultural roads	-	40,873	-	-	-	40,873
Sub-total	81,071	77,572	-	-	81,071	77,572
Grand total	888,024	368,123	-	-	888,024	368,123

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Notes to the Project Financial Statements – continued
(All amounts in USD)

13. Category 6: Salaries & allowances

Description	2020		For period from August 1, 2018 to December 31, 2019		Cumulative to December 31, 2020	
	Cash	In-kind	Cash	In-kind	Cash	In-kind
IFAD						
4. Program Management						
4.2 Recurrent costs	83,616	-	127,221	-	210,837	-
Sub-total	83,616	-	127,221	-	210,837	-
Government						
4. Program Management						
4.2 Recurrent costs	-	135,641	-	168,875	-	304,516
Sub-total	-	135,641	-	168,875	-	304,516
Grand total	83,616	135,641	127,221	168,875	210,837	304,516

14. Category 7: Operating costs

Description	2020		For period from August 1, 2018 to December 31, 2019		Cumulative to December 31, 2020	
	Cash	In-kind	Cash	In-kind	Cash	In-kind
IFAD						
4. Program Management						
4.2 Recurrent costs	2,360	-	-	-	2,360	-
Sub-total	2,360	-	-	-	2,360	-
Government						
4. Program Management						
4.2 Recurrent costs	5,221	23,387	10,064	11,726	15,285	35,113
Sub-total	5,221	23,387	10,064	11,726	15,285	35,113
Grand total	7,581	23,387	10,064	11,726	17,645	35,113

15. Statement of in-kind contribution & expenses

	Note	2020	For period from August 1, 2018 to December 31, 2019	Cumulative to December 31, 2020
In-kind contribution				
Governmental contribution	3	258,975	188,347	447,322
Beneficiaries & village council	6	290,551	-	290,551
Total		549,526	188,347	737,873
In-kind expenses				
Category 1: Consultancies	9	896	1,905	2,801
Category 2: Goods, services & equipment	10	10,349	5,526	15,875
Category 4: Training & workshops	11	11,130	315	11,445
Category 5: Works	12	368,123	-	368,123
Category 6: Salaries & allowances	13	135,641	168,875	304,516
Category 7: Operating costs	14	23,387	11,726	35,113
Total		549,526	188,347	737,873

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16. Budget VS. actual

	Budget	Cumulative to December 31, 2020			Variance
		Cash	In-kind	Total	
Category 1: Consultancies					
1. Climate resilient land development					
1.1: Testing, monitoring & upscaling of climate	92,211	-	-	-	92,211
1.2: Resilient land development	575,571	9,750	-	9,750	565,821
1.3 investment in agricultural roads	20,031	-	-	-	20,031
2. Market linkages for the rural poor					
2.1 rural bulking of agricultural products	102,399	-	-	-	102,399
4. Program Management					
4.1 Investment costs	248,468	16,342	2,801	19,143	229,325
Sub-total	1,038,680	26,092	2,801	28,893	1,009,787
Category 2: Goods, services & equipment					
1. Climate resilient land development					
1.2: Resilient land development	134,932	43,803	7,558	51,361	83,571
2. Market linkages for the rural poor					
2.1 rural bulking of agricultural products	120,337	-	-	-	120,337
2.3 Agriculture input support during the Covid-19	344,506	-	-	-	344,506
4. Program Management					
4.1 Investment costs	100,906	49,886	8,317	58,203	42,703
Sub-total	700,681	93,689	15,875	109,564	591,117
Category 3: Grants					
2. Market linkages for the rural poor					
2.2 Inclusive entrepreneurship development	650,785	-	-	-	650,785
Sub-total	650,785	-	-	-	650,785
Category 4: Training & workshops					
2. Market linkages for the rural poor					
2.1 rural bulking of agricultural products	165,280	556	-	556	164,724
2.2 Inclusive entrepreneurship development	44,438	-	-	-	44,438
4. Program Management					
4.1 Investment costs	100,888	3,422	11,445	14,867	86,021
Sub-total	310,606	3,978	11,445	15,423	295,183
Category 5: Works					
1. Climate resilient land development					
1.2: Resilient land development	4,357,099	632,569	327,250	959,819	3,397,280
1.3 investment in agricultural roads	639,040	255,455	40,873	296,328	342,712
2. Market linkages for the rural poor					
2.1 rural bulking of agricultural products	841,799	-	-	-	841,799
Sub-total	5,837,938	888,024	368,123	1,256,147	4,581,791
Category 6: Salaries & allowances					
4. Program Management					
4.2 Recurrent costs	1,890,644	210,837	304,516	515,353	1,375,291
Sub-total	1,890,644	210,837	304,516	515,353	1,375,291
Category 7: Operating costs					
4. Program Management					
4.2 Recurrent costs	605,626	17,645	35,113	52,758	552,868
Sub-total	605,626	17,645	35,113	52,758	552,868
Grand total	11,034,960	1,240,265	737,873	1,978,138	9,056,822

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Notes to the Project Financial Statements – continued
(All amounts in USD)

17. Budget VS. actual by donor

	<u>Budget</u>	<u>Cumulative to December 31, 2020</u>	<u>Variance</u>
Cash			
IFAD	4,566,177	881,519	3,684,658
OFID	999,848	189,138	810,710
RPSF	273,712	-	273,712
Government	1,165,968	105,623	1,060,345
Beneficiaries & village council	452,663	63,985	388,678
Sub-total	7,458,368	1,240,265	6,218,103
In-kind			
Government	2,700,552	447,322	2,253,230
Beneficiaries	876,040	290,551	585,489
Sub-total	3,576,592	737,873	2,838,719
Grand total	11,034,960	1,978,138	9,056,822

18. Fixed Assets

<u>Asset Type</u>	<u>Asset Description</u>	<u>Date of Purchase</u>	<u>Amount (USD)</u>
2019			
Computers	HP pro book 440 G6-Serial No 5CD9106SRM	September 4, 2019	1,240
Computers	HP pro book 440 G6-Serial No 5CD9106SRP	September 4, 2019	1,240
Computers	HP pro book 440 G6- Serial No5CD9106SRN	September 4, 2019	1,240
Computers	HP pro book 440 G6- Serial No5CD9106SRK	September 4, 2019	1,240
Computers	HP pro book 440 G6- Serial No5CD9106SRL	September 4, 2019	1,240
Office Equipment	electric heater -STYLE	December 31, 2019	43
Office Equipment	electric heater -STYLE	December 31, 2019	43
Total 2019			6,286
2020			
Vehicle	ssang young rextion sport 4*4	July 1, 2020	31,800
Computers	HP pro book 440 G7-Serial No 5CD216GH1	September 20, 2020	798
Computers	HP pro book 440 G7-Serial No 5CD216GH6	September 20, 2020	798
Computers	HP pro book 440 G7-Serial No 5CD216GH7	September 20, 2020	798
Computers	HP pro book 440 G7-Serial No 5CD216GH2	September 20, 2020	798
Computers	HP pro book 440 G7-Serial No 5CD216GHD	September 20, 2020	1,490
Computers	HP pro book 440 G7-Serial No 5CD216GH0	September 20, 2020	798
Computers	HP pro book 440 G7-Serial No 5CD216GHB	September 20, 2020	798
Computers	HP pro book 440 G7-Serial No 5CD216GH9	September 20, 2020	798
Total 2020			38,876
Cumulative amount up to December 31, 2020			45,162

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Notes to the Project Financial Statements – continued
(All amounts in USD)

19. Fund Balance – cash at banks

The fund balance at December 31 represents the following:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Bank of Palestine- 20677/3001/012- MoF	-	-
Bank of Palestine- 20677/3001/013- MoF	-	-
Bank of Palestine- 3202981/001/3001/000- MoA	1,060,377	1,157,507
Bank of Palestine- 3202982/001/3001/000- MoA	1,132,568	1,034,226
Bank of Palestine- 3203410/001/3001/000- MoA	189,792	237,456
Bank of Palestine- 3204874/001/3001/000- MoA	17,205	2,342
	<u>2,399,942</u>	<u>2,431,531</u>

20. In-kind Contribution Measurement

Government

Government’s in-kind contribution is the exemptions from taxes and all administrative costs such as (Salaries, Rent, Utilities, etc..) that involve funding from the IFAD grant and OFID. The estimate of taxes which was 16% for the VAT and administrative costs were based on the rates in effect prevailing at the time of the design, both were recorded in the Accounting system and previewed in the Project reports.

Beneficiaries

Beneficiaries in-kind contribution measurement was based on the 23% rate of the Development Cost, this percentage is converted into a number, by multiplying the Actual Development Cost with the agreed upon rate. It is then split into categories based on the work done by the beneficiary, each contributed cost category is shown in the receipt form received from the beneficiaries as a stand-alone item and is recorded in the Accounting System.

21. Reclassification

Certain reclassifications have been made to prior period financial statements to conform with current period financial statements.

Project Name: Resilient Land and Resource Management Project (RELAP)

Lead Project Agency: Ministry of Agriculture

Reporting period: 1 January -31 December 2020

7 . Designated Account Reconciliation Statement (imprest account)

Designated Account No. [REDACTED]

Bank Name: [REDACTED]

1. Total Advanced by OFID	378,929.35
2. Less total amount recovered by OFID	141,429.35
3. Equals present outstanding amount advanced to the designated account (line 1 less line 2)	237,500.00
<hr/>	
4. Balance of designated account per attached bank statements as of (Date: 31/12/2020)	-
5. Plus balance of the project account(s) (listed separately)	189,791.37
Plus balance of sub accounts (listed separately)	0
Plus balance of Cash in Hand-petty cash	0
Total of Bank Balances (designated A/C, PA, SUB accounts & cash in hand balance) (line 4+line 5)	189,791.37
6. Plus total amount claimed in this WA no.	0
7. Plus total amount withdrawn from the designated/PA/Grant account and not yet claimed for replenishment or WAs pending submission	47,708.89
claimed after date of bank statement	USD

Application No.	Date	USD	Amount
		\$	
		\$	
		\$	

9. Minus Interest earned (to be completed. If zero, please enter zero)	0
10. Total Advance accounted for (line 5 through line 9)	237,500
11. Explanation of any difference between the totals appearing in Lines 3 and 10	(0)
e.g. bank charges Discounted from Bank account but allocated to another fund	-

12 DATE 20/1/2021



SIGNATURE
 ammar salahat
 Project Manager

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[Handwritten signature]

Project Name: Resilient Land and Resource Management Project (RELAP)
Lead Project Agency: Ministry of Agriculture
Reporting period: 1 January -31 December 2020

7 . Designated Account Reconciliation Statement (imprest account)

Designated Account No. [REDACTED]

Bank Name: [REDACTED]

1. Total Advanced by IFAD	1,740,374.94
2. Less total amount recovered by IFAD	692,659.94
3. Equals present outstanding amount advanced to the designated account (line 1 less line 2)	1,047,715.00

4. Balance of designated account per attached bank statements as of (Date: 31/12/2020)	0
5. Plus balance of the project account(s) (listed separately)	1,132,568.04
Plus balance of sub accounts (listed separately)	0
Plus balance of Cash in Hand-petty cash	0

Total of Bank Balances (designated A/C, PA, SUB accounts & cash in hand balance) (line 4+line 5) 1,132,568.04

6. Plus total amount claimed in this WA no. 0

7. Plus total amount withdrawn from the designated/PA/Grant account and not yet claimed for replenishment) or WAs pending submission 188,859.17

claimed after date of bank statement

USD

Application No.	Date	USD	Amount
		\$	
		\$	
		\$	

9. Minus Interest earned (to be completed. If zero, please enter zero) 0

10. Total Advance accounted for (line 5 through line 9) 1,321,427.21

11. Explanation of any difference between the totals appearing in Lines 3 and 10 (273,712)

e.g. fund transfer to RPSF-grant we will use IFAD bank account 273,712

12 DATE 20/1/2021



SIGNATURE
 ammar salahat
 Project Manager