Implementation Status & Results
Ethiopia
Support to Accountancy Profession in Ethiopia (P121863)

Operation Name: Support to Accountancy Profession in Ethiopia (P121863)
Project Stage: Implementation
Seq.No: 2
Status: ARCHIVED
Archive Date: 29-Jun-2011

Country: Ethiopia
Approval FY: 2010
Product Line: Institutional Development Fund
Region: AFRICA
Implementing Agency(ies): Ministry of Finance and Economic Development

Key Dates
Board Approval Date 05-May-2010
Original Closing Date 14-Mar-2014
Planned Mid Term Review Date 13-May-2013
Last Archived ISR Date 29-Jun-2011
Effectiveness Date 14-Mar-2011
Revised Closing Date 14-Mar-2014
Actual Mid Term Review Date 13-May-2013

Project Development Objectives
Project Development Objective (from IDF Proposal)

The proposed IDF grant aims at supporting the creation of a robust Accountancy profession from the existing non-professional grouping of accountants and auditing practitioners called Ethiopia Professional Accountancy and Auditors Association (EPAAA) within the country which will be well regulated. It will also strengthen the country’s quality of financial reporting through adoption and application of International Financial Reporting Standards (IFRS) in private sector and public enterprises which contribute a significant portion of the country’s Gross Domestic Product (GDP). This will subsequently improve the system of accountability and good governance through an audit process that adopts the usage of International Standards on Auditing (ISA) in private and public sector companies. This will be achieved through the establishment of accounting and auditing regulatory body and a professional accountancy body to ensure that there is consistent and uniform application of the adopted standards that conform to international norms. Given the long standing absence of appropriate governance and management arrangements of the accountancy and auditing professions in Ethiopia, the grant also aims at establishing serious enforcement mechanisms of standards amongst its members through the regulatory bodies to be established. This will be done through (i) creation of new and modernized statutory framework for corporate financial reporting and auditing practices (ii) build capacity for professional accountants, auditors and regulators (iii) establishing regulatory and enforcement rules for accountancy and auditors and (iv) provide support to educational institutions to modernize accounting and auditing profession

Has the Project Development Objective been changed since Board Approval of the Project?
☐ Yes  ☐ No

Component(s)

<table>
<thead>
<tr>
<th>Component Name</th>
<th>Component Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvement and harmonization of existing statutory framework with accounting and auditing standards</td>
<td>260000.00</td>
</tr>
<tr>
<td>Improvement and Harmonization of existing statutory framework with accounting and auditing standards</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Overall Ratings

<table>
<thead>
<tr>
<th>Progress towards achievement of PDO</th>
<th>Previous Rating</th>
<th>Current Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Satisfactory</td>
<td>Moderately Satisfactory</td>
</tr>
</tbody>
</table>
Implementation Status Overview

The Government of Ethiopia has gone ahead to draft a new Financial Reporting Law as well as a law creating the Institute of Chartered Accountants of Ethiopia. The process of revising a 1960 commercial code has become along drawn process. The two draft laws have taken considerable time to be passed and we have been assured that the laws will be passed before July 7, 2012. Consultative hearings were held with private sector and other stakeholders on the draft laws. Key and sticky issues on the draft laws was that government wants to own the accountancy profession because it doesn't trust the private sector. As such, the new accountancy body will become a budgetary institution which will get financing from government. The Bank has advised against going this route and also given GOE an option to provide in the draft laws the maximum period of three years when it will own the Institute before relinquishing its management to private sector and the profession. The issue was tabled at a Steering committee where a decision on the same should have been taken for which there is no public information. Terms of reference for twinning with an international partner in establishing a professional accountancy body have been developed and discussed with government. A requisite Expression of Interest on the same has also been developed. The African Development Bank has also done a supplemental financing of $500,000 to help augment the shortfall in the funds required for twinning arrangements and establishment of the accountancy body.

Locations

No Location data has been entered

Results

Indicators

<table>
<thead>
<tr>
<th>Indicator Name</th>
<th>Core</th>
<th>Unit of Measure</th>
<th>Baseline</th>
<th>Current</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enact financial reporting law that brings requirements for accounting and auditing up to date with good international practices and enhances mechanisms of enforcement of financial reporting requirements</td>
<td></td>
<td>Text</td>
<td>Consultations with the Chambers of commerce, private sector, accounting firms- on accounting and auditing aspects to include in the new draft law</td>
<td>Consultations held and inputs into the new draft law incorporated. Target stakeholders identified for final stakeholder meeting to be held in September 2011</td>
<td>New draft financial reporting law in place</td>
</tr>
<tr>
<td>Date</td>
<td></td>
<td>30-Sep-2010</td>
<td>28-Sep-2011</td>
<td>29-Jun-2012</td>
<td></td>
</tr>
<tr>
<td>Comments</td>
<td></td>
<td>This has been achieved partially in that the drafts are now in place</td>
<td>01/31/2012</td>
<td>08/31/2012</td>
<td></td>
</tr>
</tbody>
</table>

Data on Financial Performance (as of 06-Dec-2011)

Financial Agreement(s) Key Dates

<table>
<thead>
<tr>
<th>Project</th>
<th>Ln/Cr/Tf</th>
<th>Status</th>
<th>Approval Date</th>
<th>Signing Date</th>
<th>Effectiveness Date</th>
<th>Original Closing Date</th>
<th>Revised Closing Date</th>
</tr>
</thead>
</table>

Disbursements
Key Decisions Regarding Implementation
Delay in passing of the Financial Reporting law and law creating the Institute of Chartered Accountants -Ethiopia and the desire GOE has presented to own the professional body in the first three years as capacity is being developed in the new body.

Restructuring History
There has been no restructuring to date.

Related Projects
There are no related projects.