# 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:** 3  
**Status:** ARCHIVED  
**Archive Date:** 27-Nov-2013

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

### Key Dates

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Approval Date</td>
<td>05-May-2010</td>
</tr>
<tr>
<td>Original Closing Date</td>
<td>14-Mar-2014</td>
</tr>
<tr>
<td>Effectiveness Date</td>
<td>14-Mar-2011</td>
</tr>
<tr>
<td>Revised Closing Date</td>
<td>14-Mar-2014</td>
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<tr>
<td>Planned Mid Term Review Date</td>
<td>13-May-2013</td>
</tr>
<tr>
<td>Actual Mid Term Review Date</td>
<td>13-May-2013</td>
</tr>
</tbody>
</table>

### 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>Establishment of National Accountants and Auditors Board and an Accountancy Body</td>
<td>229800.00</td>
</tr>
<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>Previous Rating</th>
<th>Current Rating</th>
</tr>
</thead>
</table>
Implementation Status Overview

MoFED has submitted the draft Laws (Financial Reporting Law as well as a law creating the Institute of Chartered Accountants of Ethiopia) to the PM Office for Council of Minister’s deliberation since 2012. However, the laws were not deliberated or passed to date. The Bank has always been given assurances that the laws will be deliberated and passed however, this has not materialized so far. The process of revising a 1960 commercial code has also stalled. As noted in past ISR, 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 the new accountancy body and the regulator will become a budgetary institution which will get financing from government. The Bank has advised against going this route especially if the accountancy body 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. However no clear information was available on the matter. It was noted in the last ISR that 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 (AfDB) has still expressed its interest in helping with financing for this activity provided that the Laws are passed. Thus, the delay in passing of the laws has obviously hampered the project status. The MoFED has requested for extension and reallocation of the Grant. However, due to a number of reasons including policy limitations and the delay in passing of the laws, the request has not been accepted by the Bank.

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>Formulation of new draft financial reporting law</td>
<td></td>
<td>Text</td>
<td>No financial reporting law</td>
<td>New draft financial reporting law in place but is not yet approved</td>
<td>New draft financial reporting law in place but is not yet approved</td>
</tr>
<tr>
<td>Date</td>
<td>30-Sep-2010</td>
<td>28-Sep-2011</td>
<td>29-Jun-2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comments</td>
<td>This has been achieved partially in that the drafts are now in place, BUT the Laws are not enacted/passed to date</td>
<td>Enact the laws</td>
<td>Enact the laws</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Revision of Commercial code, other laws and regulations for banks, insurance companies to follow IFRS

<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>Revision of Commercial code, other laws and regulations for banks, insurance companies to follow IFRS</td>
<td></td>
<td>Text</td>
<td>Current Commercial code of 1960</td>
<td>Code revision has been in progress for some time</td>
<td>New code prepared</td>
</tr>
<tr>
<td>Date</td>
<td>15-Apr-2010</td>
<td>28-Feb-2014</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comments</td>
<td>the Code is not revised</td>
<td></td>
<td>Unlikely to be revised by project closing</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>Text</th>
<th>Sub Type Breakdown</th>
<th>Value</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Consultations with the Chambers of commerce, private sector, accounting firms- on accounting and auditing</td>
<td>New draft financial reporting law in place but is not yet approved</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Establishment of National Accountants and Auditors Board and Local professional body

<table>
<thead>
<tr>
<th>Text</th>
<th>Value</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current base of regulation become compliant with IFAC standards or international best practice</td>
<td>Regulator and accountancy body not yet established-establish these</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Partnering with strong international accountancy body

<table>
<thead>
<tr>
<th>Text</th>
<th>Value</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Interim EPAAA in place which has institutional weaknesses is not regulated and has not system for enforcing auditing and accounting standards</td>
<td>No accountancy body established and no partnering performed</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>31-Dec-2013</td>
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</table>

Data on Financial Performance (as of 15-Jan-2013)

<table>
<thead>
<tr>
<th>Project Code</th>
<th>Agreement Code</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>
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</table>

Disbursements

<table>
<thead>
<tr>
<th>Project Code</th>
<th>Agreement Code</th>
<th>Status</th>
<th>Currency</th>
<th>Original</th>
<th>Revised</th>
<th>Cancelled</th>
<th>Disbursed</th>
<th>Undisbursed</th>
<th>% Disbursed</th>
</tr>
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<tbody>
<tr>
<td>P121863</td>
<td>TF-98157</td>
<td>Effective</td>
<td>USD</td>
<td>0.50</td>
<td>0.50</td>
<td>0.00</td>
<td>0.20</td>
<td>0.30</td>
<td>40.00</td>
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</table>

Disbursement Graph
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 as an institute in the first three years as capacity is being developed in the new body. It is recommend that

Restructuring History

There has been no restructuring to date.

Related Projects

There are no related projects.