

FIDUCIARY SYSTEMS ASSESSMENT

**ETHIOPIA CLIMATE ACTION AND LANDSCAPE
MANAGEMENT**

PROGRAM FOR RESULTS

30 APRIL 2019

Table of Contents

1. Conclusions	5
1.1. Reasonable Assurance	5
1.2. Risk assessment.....	5
1.3. Procurement exclusions	6
2. Scope	7
3. Review of Public Financial Management cycle	11
3.1.0. Planning and budgeting	13
3.1.1. Adequacy of budgets.....	13
3.1.2. Procurement planning	14
3.2. Budget execution	16
3.2.1 Treasury management and funds flow	16
3.2.2 Accounting and financial reporting.....	17
3.2.3 procurement process and procedures.....	18
3.2.4 contract administration	21
3.3. Internal controls	22
3.3.1 Internal controls.....	22
3.3.2 Internal audit	23
3.3.3 Governance and anti-corruption	23
3.4 Auditing	25
3.5 Staff Capacity	27
3.5.1. Staffing	27
3.5.2. Capacity building.....	27
4. Program systems and capacity Improvements	28
5. Implementation support	36
ANNEXES	37
Annex 1: PEFA rating for Ethiopia (2014).....	37
Annex 2: Continuous audit report findings data for three quarters of EFY 2010	45
Annex 3: Budget/Spending numbers/trend.....	46
Annex 4: Financial management Staff data	60
Annex 5: External Audit-visited implementing entities	64
Annex 6: Fraud and Corruption and Compliant handling Performance.....	67
Annex 7: Budget Line item for the reporting of expenditure under the General-purpose grant	73
Annex 8: Applicable Procurement KPIs in Ethiopia public procurement system.....	75
Annex 9: Persons met and discussed	76
Annex 10: Visited implementing entities.....	81

ACRONYMS AND ABBREVIATIONS

ACG	Anti-Corruption Guideline
AGP	Agricultural Growth Program
ATVET	Agricultural Technical and Vocational Education and Training
BLAU	Bureau of Land Administration and Use
BRLAU	Bureau of Rural Land Management and Use
BoA	Bureau of Agriculture
BoF	Bureau of Finance
CALM	Climate Action and Landscape Management
COPCD	Channel One Program Coordination Directorate
CPAR	Country Procurement system Assessment Report
CSRP	Civil Service Reform Program
CWT	Community Watershed Team
DA	Development Agent
DC	Direct contract
DLI	Disbursement linked indicator
EAC	Ethics and Anti-corruption
EFY	Ethiopian Fiscal Year
ESIF	Ethiopian Sustainable Investment Framework
ESPES	Enhancing Shared Prosperity Through Equitable Services
FAG	Federal Attorney General
FDRE	Federal Democratic Republic of Ethiopia
FSA	Fiduciary System Assessment
F/REACC	Federal/Regional Ethics and Anti-Corruption Commission
FY	Fiscal Year
GOE	Government of Ethiopia
GRM	Grievance Redress Mechanism
IBEX	Integrated Budget and Expenditure
IDA	International Development Association
IFMIS	Integrated Financial Management Information System
INTROSAI	International Organization of Supreme Audit Institutions
IA	Implementing Agency
ICB	International Competitive Bidding
INT	Integrity Vice Presidency
KPI	Key Performance Indicators

LAUD	Land Administration and Use Directorate
LCB	Local Competitive Bidding
MAPS	Methodology for Assessing Procurement System
MOA	Ministry of Agriculture
MTEF	Midterm Expenditure framework
MOF	Ministry of Finance
MOU	Memorandum of Understanding
NBE	National Bank of Ethiopia
NCB	National Competitive Bidding
NRMD	Natural Resource Management Directorate
OECD	Organization for Economic Cooperation and Development
OFAG	Office of Federal Auditor General
ORAG	Office of Regional Auditor General
PAP	Program Action Plan
PBS	Protection of Basic Services
PEFA	Public Expenditure Framework and Accountability
PFM	Public Financial Management
P4R	Program for Result
RED&FS	Rural Economic Development and Food Security
SBD	Standard Bidding Document
SLM	Sustainable Land Management
SNNP	Southern Nations, Nationalities and People
SPG	Special Purpose Grant
TOR	Terms of Reference
USAID	United States Aid for Development
WoA	Woreda Office of Agriculture
WoF	Woreda Office of Finance
WUA	Water Users Association
ZoF	Zonal Office of Finance

1. Conclusions

1.1. Reasonable Assurance

1. As per the World Bank Policy and Directive for Program-for-Results Financing (P4R) and the P4R Fiduciary Systems Assessment Guidance Note, the fiduciary team assessed whether the Program's fiduciary systems provide reasonable assurance that financing proceeds will be used for the intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability.

2. Overall, the fiduciary assessment for this operation concludes that the examined program financial management and procurement systems are adequate to provide reasonable assurance that the financing proceeds will be used for intended purposes, with due attention to principles of economy, efficiency, effectiveness, transparency and accountability, and for safeguarding Program assets once the proposed mitigation measures have been implemented. Appropriate systems to handle the risks of fraud and corruption, including effective complaint-handling mechanisms, have been agreed on and established.

1.2. Risk assessment

3. The overall fiduciary risk for the program is assessed to be 'Substantial'. The key identified risks with the mitigation measures are discussed below:

- *Financial management:* (i) inadequate operating budget for the Agriculture sector, which affects the monitoring and supervision functions of the offices; (ii) challenges in IBEX connectivity and access problems to different units resulting in delay of reporting; (iii) weakness in monitoring of advances, which results in audit qualifications; (iv) delay in the external audits of some of the implementing entities and delay in taking timely action which results in adverse and disclaimer opinion on the financial statements; and (v) weak property management and internal audit leading to weak internal control as reflected repeatedly in audit reports. The mitigating measures are preparation of appropriate annual work plan and budget for earmarked budget of the agriculture sector allowing implementing entities with the resources to carry out the program; providing access to relevant units such as internal audit and budget to the IBEX system; establishing mechanisms of monitoring advances and taking action on uncollectable balances; agreeing timetable for implementing entities to be up to date with their external audits and monitoring audit report findings; and strengthening the internal control weaknesses through internal and external audit reviews and recommendations.
- *Procurement:* (i) The Regulatory bodies both at federal and regional level have no adequate capacity to deliver their oversight responsibilities; (ii) Inefficiency in the procurement processing and decision making process; (iii) Lack of independence in the procurement

complaint handling system and inaccessibility for bidders at local level and; (iv) Gaps in procurement planning, bidding document preparation, evaluation, contract award, and contract management at all levels; (v) Procurement of sector specific requirements is carried out inconsistently and in some regions by actors that do not have procurement structure and capacity; and (vi) Inadequacy assessment of procurement system by independent bodies to inform gaps and guide future system strengthening initiatives, etc. (vii) Procurement experts lack sufficient skill in procurement cycle and contract management. To address these risks, proposed mitigating measures include: revision of the pool manual that would adequately cover how to handle sector specific procurements and rollout to woredas; updating the simplified procurement directive and rollout to regions and woredas; implementing procurement KPIs in the MoA and EIAR and report procurement performance periodically; carry out procurement audit in all IAs of the program including at least 20% of the woredas in the targeted regional annually; establishing Independent Procurement Appeal Body in subnational states and woredas where it doesn't exist; ; implementing the Methodology for Assessing Procurement System II (MAPS II); and procurement cycle management and contracts management training to staff of the program implementing units as part of the annual fiduciary forum.

- *Fraud and corruption:*(i) lack of staffing of Ethics and Anticorruption Officers at some woredas; (ii) recording and reporting as well as knowledge/skill gap; (iii) gaps in information sharing, transparency and people's participation. To address F&C and the compliant handling risk, CALM program will be aligned to the Anti-Corruption Guidelines (ACG) as well as the National Compliant Handling Proclamation. The MOU signed between the Bank's Integrity Vice Presidency (INT) with the FEACC on October 3, 2011 provides the framework for cooperation and sharing of information on fraud and corruption allegations, investigations and actions taken on the Program, including on procurement. The MOU will provide the Bank and INT with the basis for expanding the existing working relationship to cover future cooperation in investigation under the Program when needed, and for helping to ensure that the Government of Ethiopia and the FEACC can implement their commitments under the Anti-Corruption Guidelines. FEACC will accomplish the tasks in cooperation with the Federal Office of the Attorney General, REACCs and others concerned. The National Compliant Handling Proclamations and the institutional level operational guidelines clearly define the procedures to follow under corruption offences as well as for administrative complaints. The Anti-Corruption Guideline (ACG) will also be applied related to the Program.

1.3. Procurement exclusions

4. Detailed review of the program components shows that the program envisages procurement of various Goods and Services at Federal, Regional and Woreda level. The aggregate volume of the procurement activities is estimated to cost \$58.2 million which covers less than 3% of the total program cost. Procurement of Goods and Non-consulting services covers about 49% (\$28.2 million) of the total procurement while 47% (\$27.5 million) is for recruitment and deployment of staff at different levels. Though the procurement profile is likely to change and increase during the actual implementation of the program, the estimated size of the largest single contract is not more than \$4.3 million which is related to procurement of 650 motor cycles. In view of this, the team does not expect any high value contract that falls under OPRC threshold that should be excluded from the program or does not propose to seek an exception.

2. Scope

5. **Program Background.** The proposed operation will help Ethiopia address international and national policy commitments that seek to address climate resilience and mitigation goals, and promote the sustainable management of natural resources. The overall PDO for this program is to strengthen climate-smart (mitigation and adaptation) land management and administration in selected, non-pastoral rural areas. The Program will deliver performance-based financing for the third phase of the Ethiopia Strategic Investment Framework (ESIF-3) and to an amount equivalent to 29.8 percent of GoE's expenditures on the Program after exclusions.

6. **Implementation arrangement.** For the carrying out of the fiduciary responsibilities, the roles and responsibilities of the implementing entities is presented below:

a. *Financial management.* The financial management responsibilities of the government are organized at federal, regional and woreda levels. Although the project is implemented by the MoA as the lead implementing entity, the overall financial management responsibility of the program which includes the release of resources, the consolidation of reporting and auditing of the program will lie with the MoF. Each implementing entity will continue to be responsible for the budget monitoring, accounting, internal audit and reporting their own transactions. At the regional government level, Bureaus of Finance (BoFs) will have similar responsibilities as MoF in terms of financial management. Woreda Finance offices will be responsible to report to regions on their monthly expenditure for the agriculture sector.

b. *Procurement.* Procurement activities in the program will be carried out based on the procurement structure established at Federal, Regional and Woreda level. In view of this, the public bodies covered in the program will carry out the day to day procurement activities following the government's procurement procedure and decision-making structure. On the other hand, the procurement regulatory bodies established at federal and regional level shall be responsible for monitoring procurement implementation and audits while procurement complaints will be handled by the Head of Public Bodies and the appeal system as organized at federal, regional and Woreda level. Procurement at Woreda level will be implemented at WoFED following the structure and procedure described in the pool system.

c. *Fraud and corruption; complaint handling mechanisms.* In relation to Fraud & Corruption and compliant handling mechanism, the FEACC and the REACCs have a responsibility of prevention activities while curative practices are handled by the Ethiopian Federal Attorney General (Proclamation No.943/2016) and counterpart Regional Prosecution Offices.¹ Overall, there is an established system to handle the risks of Fraud and Corruption, and complaint-handling including checks and balances. Thus, the program will rely on FEACC, which will be responsible to prepare a national report on anticorruption efforts across the country and share this information to the Bank. The MOU signed between the Bank's Integrity Vice Presidency (INT) with the FEACC on October 3, 2011 provides the framework for cooperation and sharing of information on Fraud and Corruption allegations, investigations and actions taken, including on procurement.

- *Ethics and Anti-Corruption.* FEACC/ REACCs focus on expanding and promoting ethics and anti-corruption education and preventing corruption while the Federal Attorney General deals on investigation and prosecution of allegations. FEACC is also responsible for coordinating efforts

¹ Federal Attorney General Establishment Proclamation No.943/2016, Federal Ethics and Anti-Corruption Commission Proclamation No. 880/2015

of anti-corruption across regions, sectors and for preparing a countrywide report. Currently, FEACC is carrying out revisions on legislations with the view of strengthening its commitment in line to the reform undergoing in the country. With the issuance of the regulations: 144/2008 (Federal); 154/2019 (Amhara) and 146/2004 (Oromiya), the Commissions reach has been further extended to cover public institutions, including CALM implementing institutions (MoA, EIAR; regional and Woreda counterparts, and the regional Bureau of Rural Land Management and Use /BRLAU).

- *Complaints on maladministration and poor service delivery.* Regional States have enacted regulations for the establishment of Public Compliant /Grievance Handling Mechanism (GRM) that is accountable to the regional President and the respective zonal and Woreda Administrators.² The regional States have also introduced legislations on land administration and use system and formed rural land Legal Support and Appeals follow-ups units at regional, woreda and kebele/ got levels. At kebele levels formally assigned land administration expert is responsible to coordinate the functioning of the system while kebele and got/village level public committees (5 members at Got/ village and 12 at kebele level) that were established for the particular purpose are responsible for dispute resolution and or provide evidential support to the woreda. For that reason, the respective arrangement has been valued across the visited woredas as an effective system of addressing land related complaints and contributed to reduction of workload at woreda and regional levels.
- *Bidder Enquiries and complaints.* There is a system and procedures for handling bidder's enquiries and complaints at federal, regional and woreda levels. The Ethiopian Procurement and Property Administration Proclamation constituted a "Board for Review and Resolution of Complaints in Public Procurement ", which is responsible for the review of procurement appeals and provide decisions. This arrangement and procedures provided on the proclamation will also be used for procurement undertakings of the Program.
- *Fraud and corruption.* Internal control systems support the fight against Fraud and Corruption as well as misconducts. The Office of the Auditor General (OFAG) and Office of the Regional Auditor General (ORAG) are strong arms of the people's parliament in the control of public resources. The internal audit system structured within the Federal and Regional public institutions (including in MoA and EIAR), and their counterparts at regional level; the pool system in Woreda Office of Finance (WoFs) also display the effort exerted towards controlling public resources. Thus, the legal framework and the institutional arrangement is supportive of Fraud and Corruption prevention and control and complaint handling efforts. Complaints handling system are institutionalized at all levels of the government.

7. **Expenditure framework.** In FY19, the budget for the activities to be included in the Program before exclusions amounted to US\$364.4 million, and US\$241.6 million after exclusions (see Table 1). Based on budget trends over the period FY16-FY19, and a projected annual exchange rate depreciation of 6 percent, CALM Program expenditures over the five-year program period are estimated at US\$2,523.9 million, amounting to US\$1,675.7 million after exclusions.

² The proclamations or regulations are: Amhara National Regional State Public Service Rendering Grievances submittal, inquiry and Decision Procedure Determination Regulation No.55/2000 and revised regulation No. 130/2007 establishing Good Governance and Environmental Affairs Office; Proclamation 103/2003 and Regulation to Provide for the Oromia National Regional State Administrative Matters Public Compliant and Grievance Handling No. 154/2005; Tigray National Regional State Administrative Matters Public Compliant and Grievance Handling Regulation No.79/2005; Addis Ababa City Government Grievance and Compliant Submission Inquiry Procedure and Accountability Regulation No.48/ 2012.

8. Three broad elements of GoE expenditures on the Program are excluded from support. First, capital expenditures related to irrigation are excluded at the request of GoE, as the Environmental and Social Systems Assessment (ESSA) determined that capital expenditures could include significant new construction that could introduce environmental and social risks. Second, activities in the Afar and Somali regions will be excluded, because in these predominantly rangeland areas watersheds are less suitable as planning units given the physical and social characteristics of these rangelands; and, provisions for issuance of communal pastoral land rights are at an earlier stage of development. Thirdly, expenditures already financed by World Bank-supported IPF operations and other development partners are excluded, as are expenditures under the World Bank-supported Enhancing Shared Prosperity through Equitable Services (ESPES) PforR operation (Credit 6131-ET).

**Table 1: Expenditures on ESIF Sub-components to be included in the CALM Program
(Indicating exclusions from the Bank-supported expenditure framework)**

ESIF Sub-Component			Expenditure US\$m				Forecast (US\$m)					Total
#	Activity	Financing	2016	2017	2018	2019	FY20	FY21	FY22	FY23	FY24	FY20-24
Results Area 1: Participatory Watershed Management												
1.1, 1.2, 1.5	Afar and Somali	Excluded	25.0	36.1	36.4	36.8	37.1	37.5	37.9	38.2	38.6	189.3
1.1, 1.2, 1.5	Development partner financed (including RLLP and AGP-II)	Excluded	49.2	39.2	39.6	40.0	40.4	40.7	41.1	41.6	42.0	205.8
1.1, 1.2, 1.5	ESPEs-financed	Excluded	35.8	37.8	40.3	42.9	45.7	48.7	51.8	55.2	58.8	260.2
3.2	MoA Extension Dir. Capital (may include construction)	Excluded	0.0	0.0	0.0	0.0	2.8	2.8	2.9	2.9	3.0	14.3
3.3	EIAR and RARI Capital (may include construction)	Excluded	0.0	0.0	0.0	0.0	5.1	5.4	5.8	6.2	6.6	29.1
1.1, 1.2, 1.5	BoAs Capital (may include irrigation)	Excluded	0.0	0.0	0.0	0.0	19.5	20.8	22.1	23.6	25.1	111.1
1.1, 1.2, 1.5	Watershed development and management	Recurrent	97.0	105.9	112.8	120.1	122.2	124.3	126.4	128.6	130.8	632.2
		Capital	15.0	16.1	17.2	18.3	-	-	-	-	-	-
		SPG	-	-	-	-	20.8	31.9	51.0	70.1	81.3	255.0
3.2	Building extension service capacity	Recurrent	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.4
		Capital	1.7	2.4	2.5	2.7	-	-	-	-	-	-
		SPG	-	-	-	-	2.5	2.5	2.5	2.5	2.5	12.5
3.3	Building research capacity for SLM	Recurrent	13.6	15.8	16.8	17.9	18.2	18.6	18.9	19.2	19.5	94.4
		Capital	4.2	4.2	4.5	4.8	-	-	-	-	-	-
		SPG	-	-	-	-	2.5	2.5	2.5	2.5	2.5	12.5
3.1, 4.1, 4.2, 4.3	Policy, institutional, regulatory environment	Recurrent	10.0	9.0	9.6	10.2	10.9	11.6	12.4	13.2	14.0	62.2
		SPG	-	-	-	-	2.5	2.5	2.5	2.5	2.5	12.5
5.1, 5.2, 5.3, 6.4	Building the SLM knowledge base	Recurrent	10.0	9.0	9.6	10.2	10.9	11.6	12.4	13.2	14.0	62.2
		SPG	-	-	-	-	2.5	2.5	2.5	2.5	2.5	12.5
6.1, 6.2, 6.3	Management, monitoring and reporting of ESIF	Recurrent	10.0	9.0	9.6	10.2	10.9	11.6	12.4	13.2	14.0	62.2
		SPG	-	-	-	-	2.5	2.5	2.5	2.5	2.5	12.5
Sub-total			271.6	284.6	299.0	314.4	357.0	378.1	407.6	437.7	460.4	2040.9
Sub-total after exclusions			161.6	171.6	182.8	194.7	206.5	222.2	246.0	270.1	286.3	1231.1
Results Area 2: Rural Land Administration												
2.2-2.6	Afar and Somali	Excluded	0.3	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	2.6
2.2-2.6	Development partner financed (including RLLP, REILA, LIFT)	Excluded	2.8	2.5	2.6	2.6	2.6	2.7	2.7	2.7	2.7	13.4
2.2-2.6	BoLAUs Capital (may include construction)	Excluded	0.0	0.0	0.0	0.0	1.0	1.1	1.2	1.3	1.3	6.0
3.2	MoA Extension Dir. Capital (may include construction)	Excluded	0.0	0.0	0.0	0.0	2.9	3.1	3.3	3.5	3.7	16.5
2.2-2.6	Improving land tenure and administration	Recurrent	25.2	30.3	32.3	34.4	36.7	39.0	41.6	44.3	47.2	208.8
		Capital	0.8	0.9	0.9	1.0	-	-	-	-	-	-
		SPG	-	-	-	-	24.0	24.6	28.4	32.1	35.9	145.0
3.2	Building extension service capacity	Recurrent	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.5
		Capital	1.7	2.4	2.5	2.7	-	-	-	-	-	-
		SPG	-	-	-	-	2.5	2.5	2.5	2.5	2.5	12.5
3.1, 4.1, 4.2, 4.3	Policy, institutional, regulatory environment	Recurrent	3.2	3.8	4.1	4.4	4.6	4.9	5.3	5.6	6.0	26.4
		SPG	-	-	-	-	2.5	2.5	2.5	2.5	2.5	12.5
6.1, 6.2, 6.3	Management, monitoring and reporting of ESIF	Recurrent	3.2	3.8	4.1	4.4	4.6	4.9	5.3	5.6	6.0	26.4
		SPG	-	-	-	-	2.5	2.5	2.5	2.5	2.5	12.5
Sub total			37.3	44.4	47.2	50.0	84.6	88.5	95.7	103.3	111.0	483.0
Subtotal after exclusions			34.2	41.3	44.0	46.9	77.5	81.1	88.1	95.3	102.7	444.6
Total			308.9	329.0	346.2	364.4	441.6	466.5	503.4	541.0	571.3	2523.9
Total after exclusions			195.8	212.9	226.8	241.6	284.0	303.3	334.1	365.3	389.0	1675.7

Table 2: Program Financing

Source	Amount (USD Million)	% of Total
Government	1,175.7	70.2
IDA	500.0	29.8
Total Program Financing	1,675.7	100

9. **Fiduciary Systems Assessment (FSA).** The program expenditure framework for this program is financed through two modalities: (i) regular allocation to the agriculture sector which finances the recurrent costs of the sector (Federal program budget and general-purpose grant) and (ii) the earmarked budget to the sector which finances additional recurrent and capital investments of the program (Special Purpose Grant). Based on the scope and the expenditure framework of the program, the Fiduciary System Assessment (FSA) of the program was carried out on Federal, Regional and Local Government entities that will implement the program consistent with Bank policy and directive for P4R. The detail of the entities that were visited is included in Annex 10.

10. The FSA aimed to review the capacity of the implementing entities on their ability (a) to record, control, and manage all Program resources and produce timely, understandable, relevant, and reliable information for the borrower and the World Bank; (b) to follow procurement rules and procedures, capacity, and performance focusing on procurement performance indicators and the extent to which the capacity and performance support the program development objectives and risks associated with the Program and the implementing agency; and (c) to ensure that implementation arrangements are adequate and risks related to fraud and corruption as well as complaints handling mechanism are reasonably mitigated by the existing framework. The FSA examines the program expenditure framework to determine whether it is comprehensive, clearly defined, and whether it is part of the borrower's budget and financial management processes. The risk mitigation measures have specific actions proposed that will help improve efficiency and performance monitoring of the financial management, procurement, fraud & corruption, and complaint handling systems.

3. Review of Public Financial Management cycle

11. In Ethiopia, Public financial management and procurement is governed by the finance administration proclamations and the procurement and property administration proclamations respectively issued by the federal and respective regional states. Besides, secondary manuals and supporting procurement and supporting documents were issued that includes Directives, Manuals and standard bidding documents at both levels.

12. In the last 16 years, the GoE has been implementing a comprehensive public financial management (PFM) reform through the Expenditure Management and Control sub-program of the Government's Civil Service Reform Program. Legal framework is established and various reforms³ have been made. To further enhance these reforms and introduce new reforms, the Government (led by MoF) has prepared and is implementing a five-year PFM strategy for the period of 2017/18-2021/22 which is financed by the government and Development Partners.

13. The procurement legal framework at the federal level was reviewed by independent consultants (CPAR 2010) and found to be compatible with the United Nations Commission on International Trade Law (UNICTRAL) Model Public Procurement Law. The proclamation, among other things, organizes public procurement under procurement operation and oversight functions. The procurement operational function in turn is organized in a decentralized structure mandating public bodies at federal and regional level to carry out their own procurement activities through segregated decision-making structure. The public procurement system has undergone through long years of reforms and capacity strengthening endeavors. Over the years and with resources provided under different Bank funded projects (PBS II and III, ESPES Additional Financing and PFM standalone projects), the public procurement reform agenda has progressed from establishing the basics in public procurement to aspects that could improve efficiency, transparency

³ Medium-Term Expenditure Framework, government budget preparation and administration, cash management and disbursement, government accounting and reporting, procurement and property administration, internal audit information system (IBEX & IFMIS) and Financial transparency and accountability.

and value for money in the procurement operation. The main procurement reform activities currently under implementation are procurement professionalization training, procurement performance measurement and reporting tool and e-GP. However, the progress made so far in improving the public procurement system, the remaining gaps and future direction has not been independently assessed and documented. The assessment could help to set the procurement reform agenda based on evidences and realities on the ground and to feature recent developments in public procurement arena and benefit from international practices.

14. Furthermore, in recognition to the threat of Fraud and Corruption, the Government has established the Federal Ethics and Anti-Corruption Commission (FEACC) in May 2001 (Proclamation No. 433/2005) with the mandate to carry out both preventive and curative approaches for combating corruption in any public offices and enterprises. Likewise, starting 2007, all Regional States proclaimed and established their respective Regional Ethics and Anti-corruption Commissions (REACCs). Since 2016, the mandates of the Federal Commission have been revised and limited to prevention activities while the prosecution and investigation practices were transferred to the Office of the Federal Attorney General (Proclamation No.943/2016) and Federal police. The Proclamation also mandated FEACC to coordinate anti-corruption efforts across regions, sectors and preparing a countrywide report. Fraud and corruption prevention and control has been also strengthened by the issuance of regulations that determined the structure for the placement of ethics liaison officers that extended the Commissions reach to cover public institutions at Federal, Regional, Zone and Woreda levels, including in the program implementing institutions. There is also a system for handling complaints on maladministration and poor service delivery, which is supported by regulations issued at regional level. Accordingly, the Public Grievance Handling Mechanism (GRM) has been organized under the respective regional Presidents, Zone, and Woreda Administrators. In addition, the regional states have also enacted a regulation for the establishment of Rural Land Administration and Use System, with rural land legal support and appeals follow ups structure through which land related cases/ complaints would be investigated prior to submission to the judicial system. Conversely, if the case was submitted to the judiciary prior to the consent of the land administration system, the judiciary will send the case back to the unit for investigation and recommendation.

15. **Public Expenditure and financial Accountability (PEFA)**- The PEFA assessment for 2018 is underway and is expected to be finalized by December 2019. The latest PEFA assessment was conducted in 2014 as indicated above. The PEFA indicators had shown improvement in the PFM systems of the country over the years. The 2014 PEFA highlighted notable improvements in expenditure deviation, revenue forecasting, arrears management, Internal Control system and federal level audit coverage, which has increased to 100%. The areas the government needs to work on were noted to be legislative scrutiny of audit reports, oversight of fiscal risk from public sector entities, public access to key fiscal information, effectiveness in collection of tax payments, predictability of funds for commitment of funds and quality of in year budget execution reports, the extent of unreported government operations, comprehensiveness of information included in budget documents, availability of information received by service delivery units, etc. Several of these issues are being addressed through the Expenditure Management and Control Program (EMCP) - Government of Ethiopia's flagship PFM reform program, although the intervention and the reform work needs further strengthening. The findings of the PEFA assessments feed into the EMCP Annual Work Plan. The summary results of the 2014 PEFA are found at Annex 1.

16. **Continuous Audits:** Since the inception of the Protection of Basic Services (PBS) program which supports basic service delivery at the lower level, continuous audits have been assessing the internal control systems at the Woreda level on a regular basis. Agriculture is one of the sectors being supported through the program. The audits are conducted by Office of Federal Auditor General (OFAG) across the country, on sample Woredas. The key weaknesses noted during the review of such woreda level financial management systems reveal that findings are repetitive from year to year in the areas of cash management, receivables and payables, property management, and proper documentation on expenditures. MoF is following up proactively the implementation of action plans sent to the regions to correct these weaknesses.

However, the persistence of these problems from one year to the other suggests that this follow up is not adequate. The detail findings noted on such reports is attached on Annex 2.

17. **The 2016/2017 Woreda PFM Benchmarking:** To address systemic issues, the Woreda PFM benchmarking exercise is being carried out by the government. The final outcome of this exercise would be PFM reform of the Woredas, starting with the weakest. As per the schedule, all regions including Addis Ababa and Dire Dawa city administrations, carried out the assessment for their Woredas and submitted the result to MoF. The assessment was conducted based on 22 performance indicators (PI), some of them similar to PEFA indicators. In general, weakest links across the woredas involve public access to fiscal information, complaint handling mechanism on procurement and performance of internal audit. Also, the average scores for Annual budget preparation and approval process, property management, control and disposal, readiness for external audit and Woreda council support, follow up and scrutiny were not satisfactory. Therefore, capacity building training and follow up is required to improve the performance of these indicators. Performance indicators under credibility, budget classification and chart of accounts, information and documentation included in the budget, disbursement based on the approved budget, revenue plan and follow up on collection and payroll process and control were performed well. The good performance of these indicators should be continued.

18. In addition to the above existing assessments, based on the field visits conducted for this program, the key findings/performance issues and risks on the PFM cycle FM issues are detailed below:

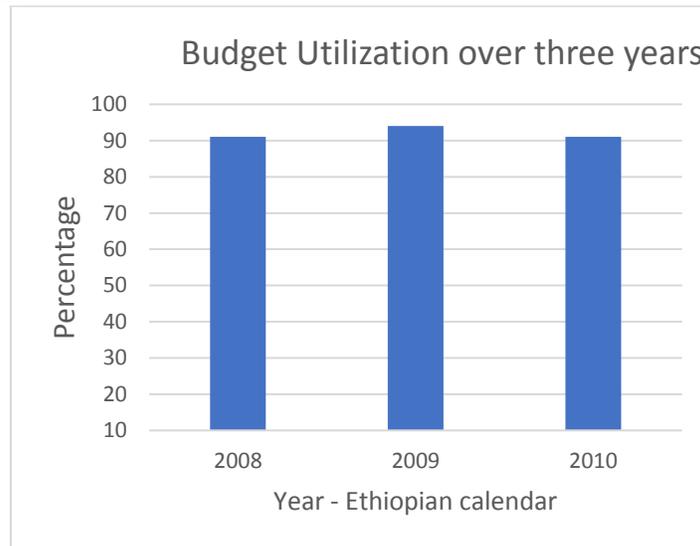
3.1.0.Planning and budgeting

3.1.1.Adequacy of budgets

19. *Budget preparation:* Both at Federal and Regional levels, plan and budget is prepared based on the respective Financial Administration Proclamations, Directives and manuals. The budget circular issued by MoF and BoFs incorporates guideline on the preparation of the annual budget and indicative ceilings for recurrent and capital expenditures. The recommended budget is submitted to Council of Ministers, regions and woreda cabinets for endorsement. The final budget is approved by parliament (at Federal level) and by regional and woreda councils. At all visited entities, the EFY 2011 budget was prepared in line with the budget calendar. Budget for the year was timely approved by parliament and region and woreda councils. The approved budget was notified timely to BIs except at SNNPR which delayed by a month in notifying the EFY 2011 budget to BoA and Regional Agricultural Research Institute (RARI), while Hadya and Sidama ZoFs delayed notifying the budget to the visited woredas by 3 months. This has impact on timely utilization of the budget and service delivery. Furthermore, inadequate operation budget at visited woredas (especially in SNNPR) was noted. This was mainly due to under collection of own sources of revenue than planned. Major portion of the operation budget is planned to be financed from own source of the revenue whereas treasury budget is mainly allocated to salary. Inadequate operating budget has impact on results as the monitoring activities are not well performed by development agents. The risk mitigating measure proposed is for the government to have earmarked budget allocated to implementing entities to avoid risks of non-delivery on the required results.

20. *Budget control and utilization:* Once the recurrent and capital budget is split by program, institution and item of expenditures, it is recorded in the IBEX, and manual budget control ledger. Each request of payment is tracked against the budget balance before payment is made. At the end of the month, budget vs. expenditure report is produced from IBEX and is sent to budget holders for review. At all visited entities, the budget control at transaction and report level was found to be satisfactory. Furthermore, as shown in Annex 3, the budget utilization of the visiting regions for the proposed program expenditure boundary, was found to be satisfactory which is above 90% (table below). In general, the budget performance showed that

annual budget is prepared realistically with due regard to government policy and implemented in an orderly and predictable manner.



21. *Transparency:* Only 14% of the visited entities (3 out of 22) have disclosed their EFY 2011 budget to the public on the notice board. In previous years, a remarkable achievement has been registered on the Financial Transparency and Accountability (FTA) activities though the support of the PBS project. However as noted during the assessment, the current activity on FTA was not satisfactory. The proposed mitigation for the program is to disclose to the public at least the consolidated annual work plan and program audit report to the public.

22. *Arrangement for the program:* For this program, implementing entities will receive funds for the agriculture sector through the general-purpose grant subsidies as well as through the earmarked budget (special purpose grant) that will be allocated to the sector. The regions will in turn allocate to woredas along with their own resources. The Government's chart of account accommodates budgets and expenditures for this program. The annual budget of the general-purpose grant will be included in the annual budget proclamations of MoF and regional governments. The earmarked budget of the program will be proclaimed at the federal level under the MoA after following the government's approval cycle. Through the earmarked budget, the government needs to ensure that all implementing entities, at federal, regional and woreda levels receive resources for implementation of the project as per the annual work plan and budget.

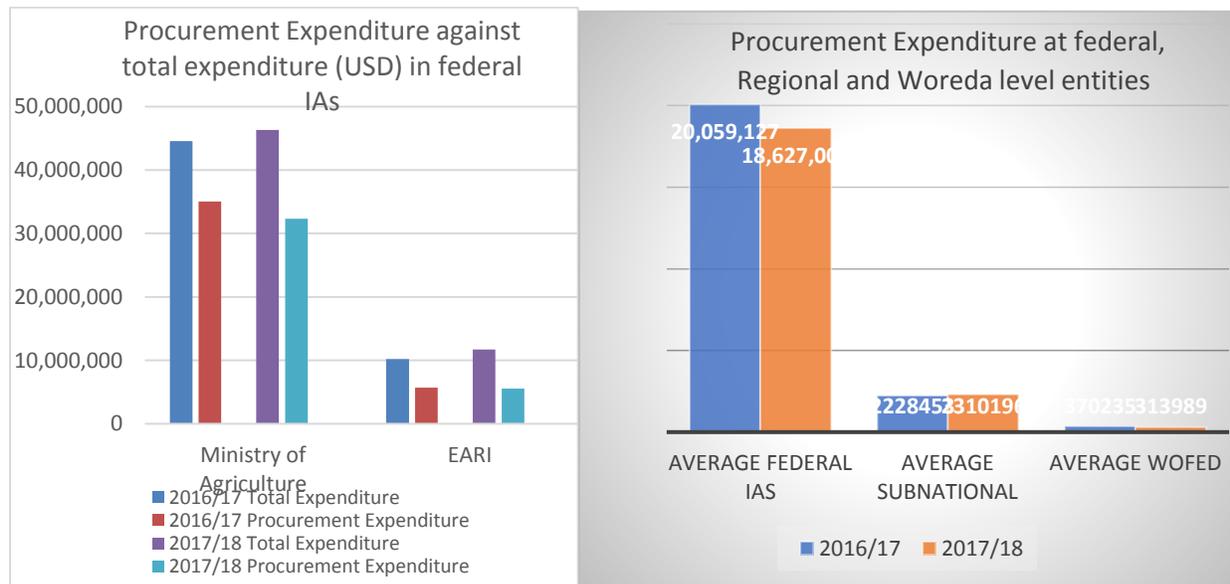
3.1.2. Procurement planning

23. *Preparation:* The assessment noted that all of the visited IAs prepare procurement plan based on the procurement plan template provided in the relevant Procurement Directive or Manual and consist of information like: description of item to be procured, source of financing, estimate contract amount, procurement category, procurement method, procurement type, and procurement lead time for notice of invitation and contract completion. The procurement Units in the implementing agencies prepare procurement plan based on users request as approved by the relevant official and supported by budget. In accordance with the procedure, procurement plan is reviewed at different level including by Bid Endorsing Committee and finally approved by the Head of the public body. The approved procurement plan shall be shared with the federal public procurement agency and regional procurement regulatory bodies, as appropriate. But there is no practice in publishing approved procurement plans both at federal and regional level.

24. *Implementation:* The assessment revealed gaps between the actual implementation and plans particularly with regard to timelines and cost. In most cases, activities are not implemented as per the planned time frame and there is huge difference observed between the actual contract amount and the cost estimate as indicated in the procurement plan. This is due to inadequate preparation, lack of collaboration with the relevant stakeholders and in adequate market assessment and also due to the limited practice in updating procurement plans to respond to changes in the market, requirement, timeframe, cost etc., It is also noted that procurement plans are usually prepared as a formality for budget processing purpose rather than to use them as a management tool useful to strategize and monitor procurement activities. For program implementation, the gaps shall be addressed through training and skill development during the proposed annual fiduciary forum.

3.1.3. Procurement profile of the program

25. *General Procurement profile in the IAs:* Based on the data collected from all the visited Implementing agencies, the assessment revealed that, in the last two years, on average close to 60% of the total expenditure was spent through procurement. The share of procurement expenditure from the total expenditure is much higher in the federal IAs as compared to regional or local expenditure. In the MoA, the average share of procurement expenditure for the last two years was 75% of the total expenditure while it was 52% in the Ethiopian Agriculture Research Institute (EIAR). (Figure 1) The average procurement expenditure in 2016/17 and 2017/18 budget years for all of the visited IAs was USD 60 million and USD 55 million respectively. The volume of procurement in the Ministry of Agriculture is the largest amounting to two third of the aggregate procurement carried out in all the visited IA. In terms of category, the procurement of Goods assumes the largest share amounting to 73% and 77% in 2016/17 and 2017/18 budget years respectively followed by works procurement which is close to only 7% of the procurement expenditure.



26. Figure 2 shows the average procurement expenditure at Federal, Regional and Woreda level based on procurement data from MoA and EIAR at Federal level, Bureau of Agriculture and Natural Resource, Bureau of `Rural Land Administration and Regional Research Institute from Oromia, SNNPR and BG regions and WoFs. The chart shows that the largest share of the procurement in the last 2 years was carried

out at federal IA as compared to the regional and woreda level procurement expenditures. In 2017/18 budget year, the average procurement at federal level was 8 times higher than the average procurement at Sub national. Likewise, the procurement volume in the MoA is much higher that of the EIAR. In 2017/18, the total value of procurement in MoA was almost 6 times higher than the procurement in EIAR (\$31.8 million Vs \$5.5 million). Given that the procurement expenditure represents the largest share of the total expenditure in the sector, the procurement performance is essential for the achievement of the program objectives and the broader development objectives in the country. Thus, the procurement implementation and performance in the agriculture sector requires close follow up and support.

27. *Procurement profile of the program:* Detailed review of the program components has shown that the program envisages procurement of various Goods and Services at Federal, Regional and Woreda level. The procurement activities at the federal level will include equipment, vehicles, IT Equipment and materials. However, the size of procurement from the total program cost is minimal which is less than 3%. The largest share of the procurement would be carried out at the federal level implementing agencies MoA and EIAR. The total amount of the procurement activities is estimated to cost \$58.2 million of which about 49% (\$28.2 million) is for procurement of Goods and Non-consulting services and 47% (\$27.5 million) is for recruitment and deployment of staff at different levels. The estimated size of the largest single contract is not more than \$4.3 million which is related to procurement of 650 motor cycles. The likelihood of a single contract amounting to or exceeding more than 25% of the program expenditure is low for this PforR Program. Further follow-up and monitoring of procurement activities would be carried out to ensure that no procurement contract within OPRC threshold would be carried out under the program. The procurement activities envisaged under the program and rough estimated cost is presented in the below table:

Table 3: Procurement profile

Department	Procurement activities and estimated cost (\$)				
	Vehicles and Motor Cycles	Tools and materials	Non-consulting services	Works	Staff cost
Land Administration	2,400,000	7,100,000			27,000,000
Rural Land Administration		2,000,000	1,200,000		
Natural resource Department	5,000,000	10,500,000		2,300,000	

3.2. Budget execution

3.2.1 Treasury management and funds flow

28. *Fund transfer and predictability:* After the annual budget is approved and apportioned by program/institution and item of expenditure, each BI (at Federal level, Region and Woreda) prepares and submits a forecast/action plan of its monthly cash requirements to MoF, BoFEDs, ZoFs and WoFs respectively. BIs at Federal and Regions uses Zero balance accounts. At woreda level, WoFs maintain a single pooled bank account in which monthly transfer from BoFEDs/ZoFs is deposited. Collection of own source revenue is also deposited in to this account. The assessment noted that BIs at federal and BoFEDs and WoFs receive the monthly funds in a timely manner. However, transfers in the first quarter are generally low due to the revenue collection cycle of the government which picks up in the second quarter. Treasury funds are available in an orderly and predictable manner. However, woredas are expected to finance portion of the annual budget (substantial operating budget) from collection of owns source of revenue and yet visited woredas (especially in SNNPR) collect below the plan and as a result could not finance the budgeted activities. If the situation continues, this pauses risk on achieving results required by the proposed program.

The mitigating measure to ensure that the government allocates enough budget to implementing entities to deliver their work programs.

29. *Fund flow to the program:* The IDA funds of the program will be channeled to MoF from IDA. The government has confirmed that the money will be deposited into a designated account to be opened at the MoF-COPCD for this program at the National Bank of Ethiopia. Further disbursement to the implementing agencies will be made from this account through an account to be opened and maintained at the MoF. All implementing entities will receive resources based on the approved annual work plan and budget of the program from MoF, BoFs and WoFs. Disbursement of program funds will be made only upon achievement of the disbursement linked indicators (DLI) from IDA. Upon achievement of the indicators, the MoA through MoF will inform the World Bank and provide evidence as per the verification protocols, as justification that results for the DLI have been met. Disbursement requests will be submitted to the Bank using the Bank's standard disbursement forms signed by an authorized signatory. The program will have advances and prior results. Details of the key disbursement issues will be spelt out in the Disbursement Letter. It is important to note that although PforR operations do not link disbursements to individual expenditure transactions, the aggregate disbursements under such operations should not exceed the total expenditures by the borrower under the Program over its implementation period.

3.2.2 Accounting and financial reporting

30. *Accounting:* All visited entities use the government accounting system, which is a double entry and a modified cash basis of accounting. Financial administration proclamation, directives, accounting manuals issued by Federal as well as by Regions are available for references at visited entities. All use IBEX system to record transaction and produce reports. Although IFMIS is currently in use at some Federal BIs, it is still at a pilot stage and not yet rolled out at the two proposed implementing entities (MoA & EIAR). Three visited regions (out of four) have started to operate the IBEX system on online mode. This is a good improvement as it enables, BoFEDs /ZoFs to obtain reports online. However, there is high connectivity problem especially at woredas due to slow internet connection causing finance staff to be idle for 2 to 3 days. Due to this reason, at some visited woredas, the assessment team could not manage to obtain reports from IBEX. This has impact in recording transactions and producing reports timely. Furthermore, at visited entities in SNNP and Benshangul Gumuz, budget and internal audit sections do not have access to the IBEX server due to lack of Local Area Network (LAN) connection. As a result, the budget module in the IBEX system is handled by account section which is inappropriate from control perspective. Internal auditors at all visited regions have no access to the system and hence are not able to view reports from the system. BoFEDs' support is required to connect these sections with the server using the local area network. Financial administration proclamation, directives, accounting manuals issued by Federal as well as by Regions are available for references at visited entities.

31. *Reporting:* All visited entities have closed the EFY 2010 (FY 2018) account. The monthly financial statement which incorporate trial balance, revenue, transfer, receivable, and payable and expenditure reports. Cash count and bank reconciliation are submitted timely both in soft and hard copies. BoFEDs also obtain reports online in regions where IBEX is operating in online mode. However, performing aging for receivable and payable and attaching with the reports have not yet been started at visited entities. The proposed mitigating measure is in the long run to resolve the connectivity issue of the woredas which cannot be addressed by this project alone. Furthermore, providing the budget and internal audit units access to IBEX will facilitate the segregation of duty and strengthen the internal control process.

32. *Arrangement for the program:* For this program, accounting will be governed by GoE's accounting policies and procedures. For the earmarked budget of the program, as the current IBEX has challenges

accommodating earmarked resources, the implementing entities can use the IBEX on a standalone basis which can easily capture the line items of the activities. Each implementing entity will continue to account for expenditures incurred at their entity, retain documentation and submit financial reports to the next level for consolidation. Channel One Projects Coordination Directorate (COPCD) within MoF will provide oversight to the financial management functions of the Program at Federal level. The program should ensure that there are recruited/assigned finance officers at all levels of implementing entities to ensure timely recording and reporting of program transactions. MoF will submit quarterly consolidated unaudited interim financial report (IFR) prepared based on actual expenditures for the program within 90 days of end of the quarter. The format will incorporate both the reporting on the expenditure framework involving institutions at federal, regional and woreda levels for all financings of the program. The budget line items for reporting purpose are shown on Annex 7. The reporting on the earmarked resources will be prepared by each implementing entity and consolidated by the BoFs and finally by MoF. As the recurrent costs of the agriculture sector at the regional and woreda level are also included in the IDA funded ESPES program, it has been agreed that 70% of the recurrent cost of the agriculture sector will be allocated to the CALM Program whereas 30% will remain with ESPES. This arrangement will be documented in the PAD for CALM and also in an ISR for the ESPES program based on the guidance obtained from OPCS. The MoF has the responsibility to share the expenditure between these two programs semiannually and report to the Bank. Therefore, over all MoF will be responsible for the preparation of the program financial statement.

3.2.3 procurement process and procedures

33. *Governing Rules and Documents:* At the federal level, procurement is governed by the Procurement and Property Administration Proclamation (No. 649/2009) and the procurement Directive issued June 2010 and amended in December 2015. The proclamation, inter alia, stipulates the procurement organization at the federal level, the key procurement principles and operational procedures as well as complaint handling system. Currently, FPPAA is working on the revision of the procurement proclamation to ensure that it accommodates emerging developments and addresses gaps noted in the existing proclamation including regulation of the procurement of Stated Owned Enterprises that are not covered under the scope of the current proclamation. However, the process of amending the proclamation which has been started in 2014 is yet to be finalized and endorsed by parliament.

34. The sub national states have issued their own procurement Proclamations and Directives that were drafted in accordance with the federal procurement proclamation with minor differences to addresses regional specificity and contexts. In addition to the primary legal documents, procurement implementation at the federal and subnational level is supported by secondary procurement documents that provides step by step procedures and guidance for procurement experts and decision makers. The secondary procurement documents that were issued both at the federal and subnational states include Procurement Manuals, Standard Bidding Documents and Templates that are applicable under different procurement categories and scenarios.

35. *Procurement Organization:* Based on the respective proclamations, operational procurement follows a decentralized structure mandating public bodies to carry out their own procurement activities. The procurement role is generally shared among the procurement team, Bid Endorsing Committee and the Head of the public body. However, specific procurement organizational structure among subnational states show slight differences in structure, capacity, etc. Among other things, the procurement team is generally responsible to carry out the day to day procurement activities and the Bid Endorsing Committee is responsible to review and approve procurement decisions while the head of the public body is responsible

to review and resolve procurement complaints. This has strengthened internal control by ensuring clear segregation of roles and responsibilities among the key players and enhancing Check & Balance. Besides, common user items are procured using framework agreement established by a centralized body (Procurement and Property Disposal Service at the federal level). Though there are concerns of timeliness and quality, the centralized procurement allows public bodies to minimize transaction cost, benefit from economies of scale and increase negotiation power while balancing the decentralized structure.

36. Procurement at the Woreda level is centralized in the Woreda Finance and Economic Development Office which is responsible to consolidate requirements of the sector offices and process procurement following the prescribed arrangement and decision-making structure. The pool system is governed by the pool manual, that originated from MoF and adopted by each region. MoF revised the pool manual which, inter alia, revised the organizational structure and staffing requirement for all functions in the pool system including procurement. However, implementation particularly the organizational structure has not been consistent with the proposed structure in the revised manual across all regions. Besides, while the pool manual as an exception, allows sector offices to procure their own sector specific procurements out of the pool system, it is silent regarding the required procurement capacity they need to establish. As a result, sector offices like Agriculture office in Amhara Region, Project committee in Oromia carry out procurement of inputs required by the sector without procurement capacity, structure and staff.

37. **Bid Invitation:** The procurement rules (federal and subnational states) require bidding opportunities to be advertised openly in a media that has wider coverage. Based on the review of sample procurement documents, it was observed that, when procuring through open bidding (National or International), all IAs advertise bids on Addis Zemen Newspaper or Ethiopian Herald which have national coverage. The bid advertisement is normally prepared in accordance with the template provided in the procurement manuals (Federal and subnational states) and provide adequate information for potential bidders on the procurement under consideration. The information in the Bid Invitation Notice includes details on the procuring entity, description, bidding document collection and bid submission place/date/time etc. However, the assessment revealed areas for improvement particularly on the practice of stating number of bid floating days rather than fixing the exact bid closing/opening date and use of bid notices for purpose of prequalification document. In Oromia Regional Agricultural Research Institute (RARI) only, prospective bidders who are complying with the preliminary requirements disclosed on the Notice of Invitation are allowed to purchase the bidding documents, which implies that prospective bidders are rejected at early stage of the procurement process without following the proper bid evaluation and approval process. Besides, standard format and procedure were not applied, and the practice lacks consistency.

38. **Bidding Documents:** The Federal and sub national Governments issued Standard Bidding Documents applicable in procurement of goods, works and consultancy and Non-consultancy services under competitive procedures (NCBs or ICBs, or consultants shortlisted from the international market). The SBDs include all the required sections of bidding documents including Instructions to Bidders, Bid Data Sheet, Technical and Financial Schedules, General and Special Condition of Contract and different forms. Use of SBDs is mandatory in procurement financed from Government coffin including for procurements under this PforR program. However, the application of the SBDs has not been consistent. Procurement experts in Public bodies particularly at subnational and local level consider the SBDs bulky and complex that are relevant only for Works procurement. As a result, bidding documents prepared for the procurement of Goods and Services don't follow the format provided in the SBDs that leads to relaying incomplete information to potential bidders. At the woreda level, Bidding documents contain only an abridged form of Instructions to Bidders (not more than a page) and specifications and misses most of the key sections of the bidding documents like evaluation criteria, conditions of contract etc. The request for

quotation in the visited woredas were also incomplete containing description of required Goods/services and quantity and lacks key information such as, required price validity time, payment modality and delivery or completion date etc. The assessment highlighted that this inconsistencies and incompleteness could be addressed by implementing the simplified procurement directive that has been prepared but not yet rolled out.

39. **Procurement Methods:** The federal and subnational states procurement rules allow use of six procurement methods namely Open Bidding, Request for Proposal, Two Stage Tendering, Restricted Competition, Request for Quotation and Direct Procurement. Open Bidding (national and International as determined based on the threshold, is identified as the default procurement method in all the procurement rules applicable at federal or subnational level. Besides, the respective procurement rules provide clear conditions for use of other methods including applicable threshold as determined by each subnational state. The assessment noted that procurement is largely carried out through open competition and the share of procurement through less competitive methods is not significant.

40. **Evaluation:** The Government procurement procedure (federal and regional) requires public bodies to carry out bid evaluation in accordance with the evaluation criteria stated in the bidding document. The assessment noted that there is a good practice in applying evaluation and post qualification criteria as provided in bidding documents. In some cases, the evaluation criteria and procedures were found to be irrelevant and inappropriate for the procurement at hand. For instance, in Oromia region for procurement of simple works contracts, merit point evaluation system has been applied in evaluating bidders' qualification instead of determining qualifications through pass/fail criteria. Besides, evaluations in some cases lack sound judgment and determination of materiality. As a result, there is a tendency of rejecting competitive bids for minor nonconformities and deviations.

41. **Award Decision:** The assessment looked into the roles and responsibilities of bid evaluation and approval process which is found to be fairly balanced and distributed among different players. The procurement unit in the public bodies assume the responsibility of coordinating and leading bid evaluations including facilitating the establishment of technical evaluation committee (as required) while bid endorsing committee reviews and approves evaluation reports. The head of the public body, who does not involve in the procurement award decision, is responsible to receive, review and respond on procurement complaint. The bid endorsing committee members deliver procurement service on top of the core work responsibilities they have in the organizations. Thus, because of their competing responsibilities and tendency to avert risks, organizing regular and timely meetings among members of bid endorsing committees is found to be a challenge which leads to delays in procurement decisions making process. At woreda level, no standard template is used or applied to support the preparation of bid evaluations and hence, there is inconsistency and lack of completeness in the information provided in the evaluation reports.

42. **Record Keeping:** The Government's procurement procedure requires procuring entities to maintain complete set of procurement documents at least for 10 years. In view of the importance of procurement files, a guidance note on record keeping and documentation is provided as part of the procurement manual. However, easy access to complete procurement records is a recurrent challenge almost in all agencies. The assessment revealed lack of systematic procurement Records Management System and the required facilities including absence of dedicated staff, shortage of office space and shelves and computers to maintain hard and soft copy documents. The revised pool manual requires copy of procurement documents to be kept in the custody of a responsible person working under the Procurement and Property Administration Process. This has been practiced in some of the visited woredas but in most of the visited public bodies, procurement documents are kept in the finance unit as part of payment document.

43. **Procurement Complaint Handling:** At federal level and in most of the visited regions (except Oromia and Amhara), procurement complaint management follows three tier structure; at the level of public bodies, Complaint Handling Board (CHB) and court. At the procuring entity level, the Head of the procuring entity or his/her delegate is responsible to review and resolve procurement complaints. The head of the procuring entity is considered as independent as he/she is not involved in passing procurement decisions. In case of appeal, the complaint can be lodged to the CHB that involves representatives from the private sector and can be further escalated to court. In addition to the structural arrangement, the government procedure provides standstill period that halts the procurement process to allow aggrieved bidders lodge complaint. Though there are observed inconsistencies during implementation, the procurement complaint handling system is supported by procedures that provides step by step guidance and the standard business time. However, in Oromia and Amhara Regions, procurement complaints are handled solely by the public body and BoF and there is no established independent procurement complaint appeal body. Besides, there is no adequate records at regional level and disclosure practice of procurement complaints and resolutions at all levels. At Woreda level, the revised pool manual issued by MoF, requires Woreda Councils to establish an Independent Procurement Complaint appeal body/Organ that was supposed to review and resolve complaints that could not be resolved at the Woreda Office of Finance (WoF) level. However, implementation is not uniform in all of the visited regions. In some regions, the Woreda council (like Gambella and Benshangul Gumuz) has not established the complaint handling body as per the provision in the revised pool manual. In the Woredas of the other regions (Oromia, Tigray and SNNPR), complaint of aggrieved bidders, beyond the WoF Head, can only be entertained by the complaint handling structure established at regional level, which is restrictive for local level bidders.

3.2.4 contract administration

44. **Procedures:** Public Procurement Directive of the federal and regional governments provide reasonably adequate guidance on basic contracts administration procedures. The Directives elaborate the activities that should be carried out by the public body to ensure contract effectiveness, follow-up and contract closure. Besides, the Government's Standard Bidding Documents contain sections on General Conditions of Contract and Special Conditions of Contract with provisions adopted from the Bank's SBDs. However, contracts are prepared in an abridged form without containing the essential provisions that clarify the responsibilities between the contracting parties (supplier and public body). In some cases, the contract document provides only the agreed contract amount, the material and quantity to be delivered, delivery time and signature. When the contract document is prepared in a longer format, the responsibilities between the supplier and the public body would be unfairly unbalanced which ultimately lead to contract failure.

45. **Capacity:** The assessment reviewed the contract management capacity at the federal, regional and local level and noted that all the visited public bodies do not have adequate contract management structure and capacity. There are no dedicated contract management unit in any of the visited IAs. Instead, contract management responsibility rests with the procurement unit and carried out in collaboration with the requesting work unit. The roles and responsibilities between the procurement unit and the requesting work unit is not well defined and formalized and hence, there is a risk of oversight and inaction. The only exception is for procurement of "Works" contract that is entirely managed by the requesting work unit. At Woreda level, the revised pool manual prescribes for "Contract Administration" position in the procurement unit which has been adopted in some regions like in SNNPR and BG. Since procurement outcomes cannot be positive in the absence of successful contract management, it is imperative to ensure that adequate structure and capacity is maintained in public bodies based on the nature, size and complexity of contracts. Given that the procurement volume and size of contracts under the program are not expected to be big, ,

the procurement team in the IAs can adequately manage contracts generated under the program. Besides, the procurement indicators which will be used to report procurement performance annually include indicators on contract management (Annex 8). This could provide opportunity to review performance in contract management and address gaps, if any.

3.3. Internal controls

3.3.1 Internal controls

46. The internal control procedures related to salary and non-salary expenditure are incorporated in the financial administration regulation, directives and manuals (budget, disbursement, cash management, accounts, property management etc.) both at Federal and regional level. As disclosed in the financial administration proclamation and directive, management of BIs take full responsibility on the internal control system. The control procedures are comprehensive and sound but there is challenge of implementation on some areas as described below:

- Segregation of duties: At all visited entities, there is segregation of duty on payment cycles (request, verification and approval) and movement of stock and fixed assets (request, issue and receiving). However, at only 36% of the visited entities (8 out of 22) procurement and finance activities are carried out in separate directorate or section. In the remaining visited entities (64%), the two activities are under one directorate/section and led by one director/section process owner (finance & procurement directorate director/process owner). The segregation of these two duties would strengthen the internal control system further.
- Cash management: The cash management control was found to be satisfactory at all visited entities. Cash requirements is forecasted in a monthly basis (region and woredas) and quarterly at federal visited entities. To minimize risk, limited cash is maintained (usually up to Birr 300,000) in safe box at visited implementing entities. Cash count is conducted daily or at least once a month and reconcile with ledger balance. Although at all visited entities, bank reconciliation is performed monthly and was up-to-date; various audit reports indicate that there continues to be delay in preparation of timely bank reconciliations.
- Payroll control: At visited entities in federal and regional bureaus, there is Human Resource (HR) directorate that maintains personnel data base. Some of the visited entities use in-house developed payroll application to process the monthly payroll and the remaining use excel spread sheets. Almost all of the visited entities were paying the monthly salary through bank except for a woreda which didn't have access to commercial banks. The personnel data base is maintained manually at HR directorate and Public services offices hence there is no integration. This has been reflected in PEFA 2014 report. Reconciliation is not made between the two sections (HR & accounts) although accountants reconcile the current month payroll with the previous one and sometimes the same is checked by internal and external auditors. Since major portion of the annual budget (about 87%) is allocated to salary at woreda level, it is important to roll out the payroll application. In addition, it is required to establish a system which enables the HR directorate and public services offices to ensure the payroll changes are correctly handled by account sections.
- Asset management system: Although the control procedures over property management is well documented, implementation is a challenge at most visited entities. There is no

segregation of duties between property recording and custodian ship at 41% of visited entities, no use of bin cards, stock cards and fixed asset register at 32% of the visited entities. Identification number is not affixed on individual fixed items in 27% and the same is not recorded in fixed asset register or user cards. Although about 77% of the visited entities conducted inventory for the year ended July 7, 2018 (EFY 2011), none of them reconciled with records. Even at visited entities where progress is observed, the records lack completeness. Compliance with property management requirements remains a challenge at most government organizations and requires a nationwide reform such as automating the registry system is required.

- Receivable and payable balances: as can be noted from the findings of the external audit reports of most of the implementing entities (Annex 5), the main findings are around advances and payable amounts that are not collected or paid timely. These amounts are long outstanding, and their collectability is doubtful unless close follow up and monitoring is done. The proposed mitigating measure is for all implementing entities to have a monitoring mechanism in place which segregates the advances with their age to allow management to take timely action on the long overdue balances.

3.3.2 Internal audit

47. At federal level, internal auditors are accountable to MoF. This to some extent has enhanced the internal auditors' independence. This has not yet been replicated to the regions. At all visited entities, internal audit units exist. All prepared annual plan for EFY 2011(2018/2019) although coverage varies from entity to entity. At 27% of the visited entities, internal auditors have not done audit other than observing cash count. This is mainly due to weak capacity in terms of number and experience. At visited entities where internal audit coverage was found to be satisfactory, reports were produced and submitted to the bureau/WoF heads. However, internal audit findings are responded to in a timely manner only at some of the visited entities. Compared to finance sections, the internal auditors' capacity in terms of number and experience was found to be weak at majority of the visited entities. At 50% of the visited entities the vacant positions for internal audit section was between 20 % & 30%. Also compared to other sections, the staff turnover is high for the internal audit unit because of lack of appropriate support from management, lack of independence and low salary. Due to lack of the appropriate skill, the internal auditors at the majority of visited woredas do not perform system and risk-based audit but are more on traditional audit-vouching (concentrating on per diem payments and cash shortages). Internal auditors at the majority visited woredas had no access to IBEX to view important reports rather they depend on finance officers to obtain print out reports. Reforms to enhance effective internal audit function at country level is required.

48. *Arrangement for the program:* despite the challenges that the function faces, each internal audit unit will continue to review the program. Some of the risks identified are inherent risks which can only be resolved with a wider PFM reform for the country, however at the sectoral level, given the existing legal frameworks, directives and manuals, each implementing entity should keep proper recording of its property, establish mechanism to properly follow up receivable and payable balances and the internal audit units should include this program in their work program to review and support the implementation.

3.3.3 Governance and anti-corruption

49. Following the recent democratization and development reform, encouraging results have been witnessed in the fight against corruption. In light of the above arrangement, FEACC/REACCs have undertaken several preventive and curative activities across the country. According to the 2015/16 Annual

Activity Report of sample assessed institutions, FEACC and all REACCs received 8,678 alleged corruption tip offs and complaints of which 64%, 17%, 14% and 5% were lodged in the sample institutions at all level at Federal, SNNP, Oromiya, Benishangul Gumz in that order. Out of 5,725 tip-offs under the Commissions' jurisdiction, the Commissions investigated 6,166 (107%) cases including those transferred from previous years. Similarly, sector-based ethics and anticorruption units have received 175 tip offs of which only 17 were passed to REACCs and involved the recovery of mishandled resources including intervention in terminating faulty procurement procedure.

50. The assessments indicate that the Legal Support, complaint handling /Appeal and Follow up Unit in Rural Land Administration and Use Office is found to be effective in addressing land related complaints, acquisition, administration and contributed to the reduction of workload at woreda and regional levels. For example, in one woreda, in the last six months alone, 11 complaints were resolved by the unit itself and 75% of the 35 cases sent to court were resolved /on the process of decision-making.

51. The FEACC Annual performance reports displayed that the risk of Fraud and Corruption is high in the sector. Based on FEACC data, in the last three years, 40-60% of the tip- offs received were on land and procurement thematic areas. According to Ethiopia Second Corruption Perception household survey, the customs service is the most corrupt sector, followed by land allocation, national housing, judges and the court system, and the tax system.⁴ The value of urban land creates a significant opportunity for petty or grand corruption on the part of those with the legal authority to assign, revoke, or restrict rights to it. On the other hand, it is observed that corruption risk in rural water supply and distribution generally low. The assessment identified more misconduct of suppliers and a few procurement complaints, including disposal complaints in the sector. OFAG audit finding reports (2016/17) to the parliament indicated high risk is in procurement and construction works in the sector.

52. The Fraud and Corruption prevention control and complaint handling system has gaps that hinder to function effectively. The assessment highlighted limitations in the areas of tracking /mapping, and reporting of F &C, staffing of Ethics and Anticorruption Officer, recording, organizing, and reporting capacities; information sharing, transparency and people's participation; and the capacity building. Based on the assessment findings, the key challenges/risks for effective system of complaint handling which particularly lead to Fraud & Corruption, maladministration and the proposed mitigation measures are the following:

- **Reporting of F &C and complaints:** It was not possible to map out F & C risks and track allegations, complaints for the MoA as a whole. The horizontal and vertical relationships or links of the Ministry's Ethics and Anticorruption Directorates with counterparts in 11 accountable agencies, 3 centers, and 5 ATVET colleges is loose. Each Ethics and Anticorruption directorate in the Ministry and agencies accountable to the Ministry prepare and provides report to FEACC by its own as per the regulation. Here it is recommended to strengthen the platform for joint forums of ethics and anticorruption officers in the sector that facilitate the preparation of consolidated sectoral biannual reports and information sharing, which also assist in generating consolidated F & C report. This in turn, would help MoANR to provide quality and timely biannual report on Fraud and Corruption related offences, complaints and actions to FEACC in line with ACGs that outline the MOU signed between the Government of Ethiopia and the bank for sharing information on F& C allegation, investigation of F& C, sharing of debarment list of firms and individuals.
- **Tracking, recording, organizing and reporting of F & C incidents and complaints for effective complaint management:** There are two major challenges of capacity i.e. (a) Weak recording and reporting capacities of EACs and public complaint handling units at all levels; and (b) low level of effectiveness of EACs as well legal support and appeal follow up unit

⁴ Ethiopia Second Corruption Perception household survey commissioned by the FEACC,2012

experts (RLAU). FEACC/ REACCs have recognized the limitation in staff capacity as was reflected by the lack of Fraud and Corruption records that match what has been discussed orally. Effective complaint handling system is expressed by the availability and quality of records and database. Its absence hinders the disclosure, transparency and accountability to combat F & C. The functions of tracking, monitoring F & C as well as future planning and research in this area has to be informed by reliable and organized data. The proposed mitigation measure is to build strengthen the capacity of recording, organizing and reporting in the sector as well as creating awareness on procurement procedures; on F & C risk prone areas and complaints in land administration and use, agriculture research; and on investigation and research tasks. The proposed combined areas of training for Ethics and Anticorruption Officers and public complaint handling experts and experts of Legal Support, Appeal and Follow up unit are: (i) M & E, systematic tracking, recording, organizing and reporting of F & C incidents and complaints in the institutions. (ii) Procurement procedures (iii) land administration and use, agriculture research, F & C risk prone areas and complaint, and strategies or anticorruption reforms for culminating corruption in the agriculture and natural resource development sector, investigation and research tasks.

- **Transparency and Information sharing:** There is Low level of Transparency and People's Participation; the system of information communication to the public and among Woreda offices/ Officers is weak. In relation, all offices should be aware of and be responsible to disclose information as has been used in the Financial Transparency and Accountability (FTA). Such information sharing, and communication should include disclosing the procedure of complaint handling to the public, disclosing procurement undertakings and procurement complaints, audit findings, budgets and expenditures, particularly as it stands for the operation of the CALM PforR. It will be therefore advisable to provide capacity-building support on the principle transparency, accountability / FTAs and real people's participation in planning, and monitoring and evaluation activities. Furthermore, it will be necessary to promote the skills of woreda level natural resources officers on CBWSM.

3.4 Auditing

53. **Financial audit:** The Office of Federal Auditor General (OFAG) is responsible for the financial and performance audit of the federal BIs while Office of Regional Auditor General (ORAGs) operating in 9 regions and 2 City Administrations are responsible for regional bureaus and woreda finances. OFAG and ORAGs are established under proclamation which gives them legal and operational independence. OFAG as well as ORAGs follow the International Standards for Supreme Audit Institutions (ISSAIs) issued by the International Organization of Supreme Audit Institutions (INTOSAI). Both have started continuous (interim) audit reviews. Both submit and present their report to Parliament and regional councils. OFAG has reached 100% coverage and as a result each BIs in the Federal are subject to annual audit. As most of the ORAGs have not yet reached full coverage, each regional bureau and woreda finance may not be audited annually.

54. All visited entities were subject to annual financial audit. The latest report issued vary from entity to entity. Latest audit reports for the year July 7, 2018 was issued for 28% of the visited entities. 56% of the visited entities had a one-year audit backlog and 17% percent had a two-year audit backlog. A concern is the two-year audit backlog at EIAR. This should be cleared without further delay. Audit opinions given on the financial statements of the visited entities is presented in the table below with the detail attached in Annex 5. Audited entities are requested to provide action plan and status report on the rectification of the audit findings. All entities prepared the action and status reports and submitted to OFAG and ORAGs respectively. The latter review the reports during follow up audit. the proposed mitigating measures for the

risks are put in the program action plan an agreed timetable to address audit backlogs, ensure timely recruitment of the audit firm and systematically follow up and report back on audit report findings.

Table 4: Audit opinions issued

Audit Opinion	% of visited entities
Unmodified	6%
Qualified	78%
Disclaimer	6%
Adverse	10%
Total	100%

55. **Procurement Audit:** The procurement regulatory bodies carry out procurement audit in a regular basis in each of the visited subnational states and federal PPA. Except in BG subnational state that experiences a declining trend, audit coverage has shown an increasing trend over the last three years with average increase of 15%, 27% and 34% for 2008EFY,2009EFY and 2010EFY respectively. However, in some subnational states like Oromia procurement audit was carried in a form of campaign by drawing staff from other departments and for purpose of fulfilling project commitments (ESPES DLI and ULGDP). This is not sustainable and could adversely affect the quality and credibility of the audit reports. Furthermore, the audit reports are not publicized and have limited circulation shared only between the auditee and the BoF and there is no practice in communicating the report to the wider public and regional administration. Hence, the incentive in addressing audit findings and working on the recommendations is limited.

Table 5: Procurement Audit Coverage in 2008,2009, and 2010 EFY

Region	2008 EFY		2009 EFY		2010 EFY	
	# of PB audited	% age of coverage	# PB audited	coverage	# PB audited	coverage
FPPA	54	31%	77	44%	93	50%
Oromia	43	12 %	113	28%	179	43%
SNNPR	40	19%	50	24%	70	34%
Tigray	14	7%	28	33%	32	38%
BG	13	13%	8	8%	4	4%
Average		15%		27%		34%

56. **Arrangement for the program audit:** MoF will be responsible for having the financial statements audited annually and submitting the audit report. The recurrent costs of the program which are financed through the general-purpose grant of the government are already being audited by the OFAG through continuous and annual audit under the ESPES program. A separate audit will be conducted for the SPG along with the federal level budget allocation to the MoA. Based on the agreed arrangement of the audit, the program will be audited by OFAG or an auditor to be assigned by it. Should the ESPES program close before the CALM, the OFAG will ensure that the GPG audit continues through itself or through an auditor to be assigned by it. Annual audited financial statements (for both the general and special purpose grant) of this program will be submitted to the World Bank within six months of the end of the government fiscal year. The Bank in accordance with the Access to Information policy will request for public disclosure of Audit Report. The Audit Terms of References (TORs) will be agreed during negotiation. Findings will be closely followed up and monitored at all levels.

3.5 Staff Capacity

3.5.1. Staffing

57. At visited entities, staff are placed as per the recent job-related reform-Job Evaluation and Grading (JEG). The following are staffing issues noted during the assessment:

58. **Financial management:** Staff data (allowed staff number and actually available, vacant position, education qualification) for budget, account, property management and internal audit sections has been collected and attached in Annex 4. The summary shows that the structure has been fully filled at 32% of the visited entities. At 23% of the visited entities the vacant positions for the four sections was between 20 % & 30%. Staff performance evaluation is conducted twice a year. The evaluation result is used as one criterion for future promotion, for competition for high level job etc.

59. **Procurement:** In MoA, the procurement unit is organized as a Directorate reporting directly to the Minister. The Directorate supervises 30 procurement experts including 18 experts employed through bank funded projects implemented in the ministry. The assessment revealed that the experts do have adequate qualification and experience in delivering procurement responsibility in the Ministry. In Oromia BoA, Benishangul Gumuz's BoA and Bureau of Land administration procurement is organized as Procurement and Property Administration Directorate reporting to the respective bureau heads. At the time of the assessment, the Directorates were staffed with adequate number of procurement officers (3 to 5) having relevant educational background and sufficient years of experience. The procurement officers assigned in all the visited federal IA and regional Bureaus, have a minimum of BA qualification in Management, Accounting and in Procurement and Supply Chain Management. In addition, the officers received short term procurement trainings organized by the federal and respective regional procurement regulatory bodies. But the assessment noted that there are skill gaps on contract management which could be addressed through trainings as part of the annual fiduciary forum proposed in this program.

60. **Fraud and Corruption:** There is full staffing coverage of Ethics and Anticorruption Officers at Federal level in MoA and EIAR; and Oromiya BoA, RLAU and OARI. In Amhara except for BRLAU no EACs at BoA and AARI. Similarly, the regional offices have confirmed the availability of 17 EACs in research centers accountable to EIAR; Oromiya 17 EACs in research centers out of which 3 are focal persons; in Amhara none of the 7 research centers have EACs. On the other hand, the visited woredas in Amhara and Oromiya and the respective offices (ANRs and RLAU) did not have EAC officers. In SNNP and Benishangul Gumuz at woreda level EACs represents a cluster including ANR and RLAU. Overall, in Amhara BoA and ARI; all ANR and RLAU offices at woreda levels needed to assign fulltime EAC Officers whereas the cluster representation that sideline the function of FC complaint handling needs further negotiations. Besides, the placement of EACs in the remaining 18 centers (37%) needs to be filled with fulltime EACs. The assessment besides displayed differing capacity and commitments, reported to be a consequence of the low grade/status bestowed by the civil service to the position. It will be therefore necessary to ensure the deployment of full time Ethics and Anticorruption Officers in all of the ANR and RLAU woreda offices in Amhara and Oromiya (100%), while the cluster assignment in SNNP and Benishangul Gumuz needs further consideration.

3.5.2. Capacity building

61. **Financial management:** At federal level, the financial management capacity building is provided by MoF and found to be satisfactory. At regional level, BoFS/ZoFs are responsible for providing financial management capacity building to staff at bureau and woreda level. Although there is effort in providing the capacity building activities, it is not adequate and regular especially to woreda staffs. At some visited

woredas staff (including new one) have not taken training for the past two years. During the program implementation, the capacity building activity especially at woreda level should be strengthened.

62. **Procurement:** Procurement system strengthening activities and reforms: The GoE has carried out procurement system strengthening activities and reforms for the last many years. As a result of this effort, basic procurement systems and capacity has been established at all levels of government. Currently, the reform is focusing on modernizing the procurement system (e-GP) and improving procurement performance and efficiency. However, the procurement system has not been evaluated and measured for about a decade so as to effectively strategize the reform and system strengthening activities. Given the high share of procurement from the increasing budget of the sectors including in Agriculture sector, it is essential to ensure that procurement system strengthening effort is supported with clearly defined and documented direction, identified quick wins using evidence-based assessment. Besides, Sustainable watershed and Rural Land management can be achieved more through, inter alia, environmentally sound support functions mainly procurement. This requires uplifting the reform agenda to feature sustainability and efficiency based on best international practices. Currently, the Organization for Economic Cooperation and Development (OECD) has come up with a better tool for assessing country’s public procurement system called Methodology for Assessing Procurement System (MAPS) that has been further developed as MAPS II and successfully applied in many countries including in neighboring African countries like Uganda, Tanzania, Rwanda, Malawi etc.

63. **Fraud and Corruption:** The capacity of complaint handling staff (including Ethics and Anticorruption officers and experts in Legal Support, complaint handling /Appeal and Follow up unit under Rural land Administration and Use is low. The staff has different professional discipline which requires bringing on a par with others and upgrading professional skill. It will be therefore necessary to provide capacity building and training to both EACs and complaint handling officers including the Legal Support, Appeal and Follow up unit (under Rural land Administration and Use) in the areas of procurement procedures, land administration and complaint handling, investigation and research.

64. In conclusion, the capacity building endeavors of the government should be strengthened. To this effect, having an annual training organized by MoF, MoA and FEACC is recommended to ensure that staff are up to date with financial management, Procurement and fraud and corruption procedures and requirements.

4. Program systems and capacity Improvements

65. Based on the above reasons, the overall fiduciary risk assessed for this operation is classified as “substantial”. Overall, the preliminary fiduciary assessment indicates that the examined program financial management and procurement systems are adequate to provide reasonable assurance that the financing proceeds will be used for intended purposes, with due attention to principles of economy, efficiency, effectiveness, transparency and accountability, and for safeguarding Program assets once the proposed mitigation measures have been implemented. Appropriate systems to handle fiduciary risks including the fraud and corruption, including effective complaint-handling mechanisms, have been agreed on and established. Risk mitigation measures for the identified risks will be discussed and agreed with Government during project appraisal. The risk mitigation measures described in the Program Action Plan to help improve efficiency and performance monitoring. Preliminary summary of risks, mitigation measures and action plan are presented below:

Table 6: Summary of Risks, Mitigation Measures

Risk Description	Proposed Mitigation Measures	Significance	PAP
FINANCIAL MANAGMENT			

Risk Description	Proposed Mitigation Measures	Significance	PAP
<p>Planning & budgeting</p> <p>Inadequate allocation of operating budget at visited woredas will have impact on the achievement of program results.</p>	<p>Government will annually allocate adequate operation budget for the agriculture sector office at woreda level through the earmarked funding.</p>	<p>Substantial</p>	<p>PAP</p>
<p>Accounting and financial reporting</p> <ul style="list-style-type: none"> • Persistent Woreda Network connection problem (with BoF server) has impact in timely recording of transaction and producing of reports. • The IBEX server (maintained at account section) is not accessed by budget, internal audit sections and by most finance officers at account section as Local Area Network was not set up at most visited entities. This create a work load at the assigned finance officer as task of transaction recording is not shared among accountants. Due to this the segregation of duties between budget and account section is affected. Internal auditors could not view reports from their office. 	<ul style="list-style-type: none"> • The speed of internet connection at WoFs should be improved • The LAN will be set up to connection the three sections (Budget, account and internal audit) (EFY 2012 (2019/2020)) 	<p>Substantial</p>	<ul style="list-style-type: none"> • This challenge is a problem across the country which needs to be managed through the ongoing endeavors of the government in enhancing IBEX through the PFM project. • This is to be updated semiannually and reported through the Semiannual Financial report. This is expected to be completed in the first year of implementation.
<p>Internal Control</p> <ul style="list-style-type: none"> • At most visited entities, payroll is maintained and processed in Excel sheets. Excel sheets are prone to error that can be difficult to track. As salary constitute major part of the annual budget especially at woreda, the payroll process should be supported with automation (payroll application). • Although control procedures are well incorporated in the property management manual, 	<ul style="list-style-type: none"> • Payroll application software must be developed, installed and implemented. • In the long run, the implementation of IFMIS might mitigate this risk. For the medium term, developing a property management recording software should be sought. For the short term. All implementing entities 	<p>Substantial</p>	<ul style="list-style-type: none"> • Rollout of payroll application software is included in the PAP for ESPES • Automating the property management function must be done at national

Risk Description	Proposed Mitigation Measures	Significance	PAP
<p>implementation is a challenge. At most visited entities the property management is weak (no segregation of duties between custodianship and recording, no use of bin card, stock card, fixed asset register, user card. No count of inventory at least once a year and reconcile with records. Tag number is not affixed on each fixed asset items. There is a risk on preventing and detecting misuse of inventory (both consumable and fixed assets).</p> <ul style="list-style-type: none"> • Significant number of advances and payables are noted in the records of the implementing entities which are mostly audit qualification points. Uncollected advances will affect program implementation and payables could result in undesired penalties. • At most visited entities, the internal audit function has limited capacity in terms of number and experience which resulted in low coverage. This has impact in providing regular review of the internal control system in the sector 	<p>should maintain manual records and comply with the finance regulation. Providing regular capacity building will minimize the risk.</p> <ul style="list-style-type: none"> • Each of the implementing entities should prepare advance tracking mechanisms, monitor regularly and present to management for decision. • Nationwide, the internal audit function requires a reform. However, each implementing entity should fill vacant posts, ensure that the program is included in the work plan of the auditors and provide training to internal auditors. 		<p>level and is included in the PAP for ESPES. However, capacity building activities and maintaining the required procedures at MoA and BoAs is a PAP for this program</p> <ul style="list-style-type: none"> • PAP • Reforms are being addressed by the government through the PFM strategy. The staffing level of the internal audit unit at MoA and BoAs will be reported through the quarterly financial reports of the program.
External Audit			
<ul style="list-style-type: none"> • Two years external audit backlog was noted at EIAR. • Audit report findings need to be addressed timely. Audit findings repeat themselves year after year if close follow up is not made. The audit reports of most of the implementing entities is qualified, adverse or disclaimer. 	<ul style="list-style-type: none"> • The 2 years backlog will be cleared. Effort will be made to timely conduct external audit and issue reports for subsequent years • Prepare timely action plan and ensure each finding is addressed 	High	PAP
Transparency			
Information is not displayed to the public on audited financial statements	Disclose annual audit reports on websites of the MoA and BoAs	Moderate	The Bank's access to information policy requires that audit reports are disclosed to the

Risk Description	Proposed Mitigation Measures	Significance	PAP
			public. The audit will be disclosed by the Bank. furthermore, disclosure by the government itself will be followed up during implementation.

PROCUREMENT

<p>Procurement System/Capacity</p> <ul style="list-style-type: none"> • Sector specific procurement at local level handled by actors without procurement mandate, structure and capacity could lead to ineffective resource utilization and wastage • Local level procurement is not supported by simplified procurement directive and templates leading to inconsistent procurement implementation. • Independent Procurement complaint handling body is not consistently established in all regions and woredas undermining the complaint handling system • The Procurement performance of the federal implementing agencies (MoA and EIAR) is unknown. • Inadequate procurement audit could lead to leakage of the program resource. • The program’s long-term objective of achieving sustainable watershed and land management system cannot be achieved in the absence of strong procurement system that features sustainable practices. Through independent assessment, the strength and weakness of the system will be identified, and action plan will be developed to ensure VFM in 	<ul style="list-style-type: none"> • Revise the pool manual and adequately cover how to handle sector specific procurements and roll out to regions and woredas • Update the simplified procurement directive and rollout to regions and woredas. • Establish Independent procurement Complaint Handling Body where it doesn’t exist. • Implement procurement KPIs in the MoA and EIAR and report procurement performance periodically. Details of KPIs provided in Annex 8 • Undertake procurement audit in all IAs of the program including at least 20% of the woredas in the targeted regional annually. • Implement Methodology for Assessing Procurement System (MAPS II) and sector specific assessment in Agriculture. Prepare action plan to address gaps. 	<p>High</p> <p>High</p> <p>High</p> <p>High</p> <p>Substantial</p> <p>High</p> <p>High</p>	<p>PAP</p>
---	---	--	------------

Risk Description	Proposed Mitigation Measures	Significance	PAP
procurement practice including addressing sustainability aspects			
<p>Procurement capacity</p> <p>There are capacity limitations in terms of skilled staff to handle procurement and contract administration (incomplete procurement plans, bidding documents, bid evaluations and poor contract management system). The provision of procurement training to the staffs seem to be inadequate, and even there are cases where procurement staff have not been exposed to any training.</p>	Provide intensive procurement and contracts management training to staff of the program implementing units	Substantial	PAP
FRAUD & CORRUPTION AND COMPLIANT HANDLING MECHANISM			
Legal Framework and structural arrangement			
<ul style="list-style-type: none"> The structure for control F&C at the implementing institutions requires strengthening It was not possible to map out F & C risks and track allegations, complaints for the MoA as a whole. The horizontal and vertical relationships or links of the Ministry's Ethics and Anticorruption Directorates with counterparts in 11 accountable agencies, 3 centers, and 5 ATVET colleges is loose) 	Supporting the platform for joint forums of ethics and anticorruption officers for preparation of consolidated biannual reports in the sector and information sharing, for improving supervision and data compilation activities	Medium	PAP (MOA and FEACC)
Major Program implementing sector offices in Amhara and Oromiya specifically at woredas lack Ethics and anticorruption Officers	Assigning fulltime Ethics and Anticorruption Officers at Woreda level at least in Agriculture and RLAU Offices	Medium	PAP (WoA and WoLAU)
Recording /Reporting/ data and information sharing:			
Weak recording and reporting capacities of Ethics and anticorruption, public complaint handling units at all levels; and low level of effectiveness of Ethics and Anticorruption Officers as well as	Training of Ethics and Anticorruption Officers and complaint handling experts on (i) recording, organizing and reporting / M & E	Medium	PAP (FEACC/REACC)

Risk Description	Proposed Mitigation Measures	Significance	PAP
experts in Legal Support and Appeal Follow up unit (RLAU	(ii) create awareness on procurement procedures, on F & C risk prone areas and complaints in land administration and use, agriculture research, strategies or anticorruption reforms for culminating corruption in the agriculture and natural resource development sector; and on investigation and research tasks		

Summary of Program Action Plan

Action Description	Source	DLI#	Responsibility	Timing	Completion Measurement
Financial Management and Fraud & Corruption					
Internal Control and systems (i) Improve Property management by conducting physical property count annually, reconciling with records and reporting to management; (ii) Improve long outstanding receivable and payable balances by establishing a taskforce that develops and monitors aging analysis and reports quarterly to management for action (iii) Implement Methodology for Assessing Procurement System (MAPS II) and sector specific assessment in Agriculture and prepare action plan to address gaps (iv) Implement procurement KPIs in the MoA and EIAR and report procurement performance periodically	FSA	NA	(i) – (ii) MoA/BoA/EIAR (iii) – MoF, PPA and MoA (iv) MoA		(i) All entities meet requirements by end of Year 1 (2019/20), (ii) Actions is taken by end of Year 1 (2019/20) on all outstanding balances aged more than two years; Starting from Year 2 (2020/21), no outstanding balances aged more than a year (iii) MAPS II report finalized including action plan for further reform and system improvement (iv) Procurement performance measured using PPA’s procurement KPIs and reported annually starting Dec 2021
Manual and Directives (i) Revise the pool manual and adequately cover how to handle sector specific procurements and rollout to regions and woredas and (ii) Update the simplified procurement directive and rollout to regions and woredas			PPA, MoF, BoF and WoF	December 2020	All WoFEDs receive and start implementation of the revised manual and the simplified directive.

<p>Staffing and capacity building</p> <p>(i) Conduct annual fiduciary training and consultation on FM, procurement and F&C.</p> <p>ii) Assign Ethics and Anticorruption Officers at woreda level at least in Agriculture and RLAU offices</p>			<p>(i) MoF, MoA and FEACC</p> <p>(ii) MoA, FEACC and REACO</p>	<p>(i) annually</p> <p>(ii) regular</p>	<p>(i) Annual trainings and consultations conducted</p> <p>(ii) Number of staffs assigned reported on progress reports</p>
<p>Audit and Complaints</p> <p>(i) EIAR to finalize the backlog audit;</p> <p>(ii) Improve the financial statement ‘Disclaimer’ and ‘adverse’ audit opinions of MoA and BoAs</p> <p>(iii) Undertake procurement audit in all IAs of the program including at least 20% of the woredas in the targeted regions</p> <p>(iv) Establish Independent procurement Complaint Handling Body in all regions and woredas where it doesn’t exist</p>			<p>(i) EIAR</p> <p>(ii) MoA and BoAs</p> <p>(iii) PPA and Procurement Regulatory Bodies in regions</p> <p>(iv) MoF, BoFs and WoFs where independent procurement complaint handling body is not yet established</p>	<p>(i) – (iii) Annually</p> <p>(iv) – June 2020</p>	<p>(i) up to date audit of EIAR</p> <p>(ii) Audited financial statements of MoA and BoAs without disclaimer and adverse audit opinions starting from Year 2.</p> <p>(iii) Procurement audit report shared annually starting year 2 (June 2021)</p> <p>(iv) Independent procurement complaint handling body established in all implementing regions and WoFEDs</p>

5. Implementation support

65. *Reviewing Implementation Progress:* The Bank fiduciary team will review the implementation progress of the program in the following areas. The objective is to understand is to monitor the achievement of agreed actions and review the continuing adequacy of systems as well as to monitor risks, covenants and mitigation measures. This can be achieved through review of reports; conducting field visits and participating in semiannual missions.

66. *Monitoring Fiduciary Risk:* The frequency and breadth of fiduciary systems implementation support may be varied in accordance with changes in the risks to the Program. Given the risk profile shown above this program will be reviewed twice through the semiannual JRIS.

Annexes

Annex 1: PEFA rating for Ethiopia (2014)

1. The PEFA indicators had improved in the 2014 PEFA as compared to previous year (2010) assessment and placing Ethiopia as one of the most robust PFM systems in Africa. Since 2014, no updated PEFA was conducted. The 2014 PEFA assessment for the Federal Government notes the major improvements that have been made. The report reveals that Ethiopia has significantly improved its performance on PFM. Expenditure deviation was less than 5% p.a. over during EFY 2003-2005, compared to 11.6% during EFY 1999 to 2001 and actual revenue collection ranges at 94% to 112% of the budget, during the last three years. Bills are cleared on time and arrears is not a major issue. The internal control system is comprehensive, widely understood and effective at the Federal Government level. Audit coverage at the Federal level has increased in recent years from 56% to 100% of budgetary institutions and audit reports are produced in a timely manner. The main areas where the Federal government needs to improve its performance relates to legislative scrutiny of audit reports, oversight of fiscal risk from public sector entities, public access to key fiscal information effectiveness in collection of tax payments, predictability of funds for commitment of funds and quality of in year budget execution reports.

2. According to this assessment, Ethiopia's performance at the Federal level as per the main dimensions of PFM are the following:

- ***Credibility of the budget*** – The degree of budget credibility varies between the regional governments assessed. Aside from variance in the composition of the budget, credibility generally remains good (with the exception of AACG), supported by continuing robust budget execution and internal control. Strengthened transparency and comprehensiveness would help to strengthen credibility. Key issues to reflect are: variance in composition of the budget which are attributed to the mid-year adjusted budget, domestic resource projections, and the operating modalities of the MDG Fund leading to expenditure deviations. On Revenue performance, there is generally good performance here as the bulk of regional governments' financial resources derive from the highly predictable block grants from MoFEC. Generally, performance has also been good in Arrears performance reflecting the culture of compliance with expenditure control rules in Ethiopia.
- ***Comprehensiveness and transparency*** - Transparency and comprehensiveness have strengthened since the 2010 assessment, but some shortfalls remain, particularly under Budget documentation (PI 6), Reporting on extra-budgetary operations (PI-7), Fiscal oversight of public entities (PI-9), and Access by public to fiscal information (PI-10). The budget documentation generally (with the exception of FGoE and AACG) continues to omit information on macro-fiscal assumptions underpinning the budget, budget performance in the previous year and to date in the current year, and the fiscal impact of new expenditure and revenue measures. In regard to Extra-budgetary operation, their budget has not been reflected in the budget submitted to legislatures. While domestic EBOs performance is generally good, the external EBOs' performance remain low (except for GoE), mainly indicating lack of information on externally-funded Programs/programs being funded through Channel 2 and being funded through Channel 3. Performance on Fiscal oversight of public entities is largely unchanged where these bodies submit in-year and end-year

financial performance reports and audited financial statements to their parent ministries/bureaus, but the preparation of consolidated fiscal risk reports are not yet prepared. Access by the public to fiscal information has improved but not for all Regions. Internet connectivity issues that have surfaced since the 2010 assessment have held back progress, but these are a national issue and entirely out of the control of regional governments. Implementation of the Financial Transparency and Accountability Program (FTAP), which started in 2009 and still is on-going, has done much to strengthen transparency.

- **Policy based budgeting** - There still continues to be robust annual budget preparation systems in most places, BoFEDs and sector bureaus in the other regions met by the assessment team all seemed to have no issues concerning the annual budget preparation process. A medium-term perspective to budgeting aligned to GTP is being established at regions but rather slowly though primarily due to capacity constraints. MoF is leading the process, mainly through the establishment of a program budgeting framework as an integral part of the MTEF. It is now being piloted in SNNPRG, which ironically is where capacity constraints are very demanding.
- **Revenue Administration:** Revenue administration performance is still generally good and has strengthened, thereby providing additional financing for the provision of public services. The main improvement since the 2010 assessment has been under taxpayer education. Also, performance is strengthening on registration system controls due to the rolling out of the biometric finger printing system; the roll out of electronic cash register systems-linked central treasury accounts; the beneficial impact of the strengthened taxpayer educations; and the periodic surveys. The tax audit function is gradually strengthening with increasing focus being placed on risk assessment as the basis for auditee selection, but capacity constraints have limited this pace. In regard to the effectiveness of tax collection, the system for monitoring tax debts has greatly improved through its incorporation into automate direct taxes software system (SIGTAS) and the improvement of manual taxpayer ledgers, have strengthened compliance, particularly through the newly established community block management system. However, there still remains to be lack of computerized tax debt recording systems. A rigorous and timely reconciliation exercise is needed to ensure that revenues reaching the central treasury accounts match original assessments, taking into account outstanding tax debts. The manual taxpayer ledgers that have been developed enable reconciliation of tax collections with tax assessments but the vast number of taxpayers, different locations, and the number of tax types renders timely reconciliation quite a difficult task. This requires system-based aggregation of reconciliation.
- **Budget execution and cash and Debt Management:** Budget execution systems appear to continue to work well, with BIs generally obtaining the financial resources needed on time to execute their approved budgets. Cash flow forecasting continues to enable the preparation of cash plans that indicate to BoFEDs the monthly financial resources that BIs require in order to execute their budgets. On the basis of the cash flow forecasts, the BoFEDs then provide BIs with monthly expenditure limits within a quarterly framework, thus providing limits on commitments that can be made that would generate payments within each month within the quarter. BIs can commit expenditures with a longer time horizon – up to the end of the year – the financial resources needed to make payments as indicated in their cash flow forecasts. Therefore, over the short term, BIs are confident that the resources will be available to make payments and can plan and make commitments over a longer time horizon. But improvement is needed on the number and transparency of in-year adjustments to budgets made by BoFEDs. Debt management applies only to GoE and AACG which indicates improved timeliness of reporting and reconciliation and improved coverage of debt records. GoE is awaiting the approval of new guidelines under the Medium-Term Debt Strategy.

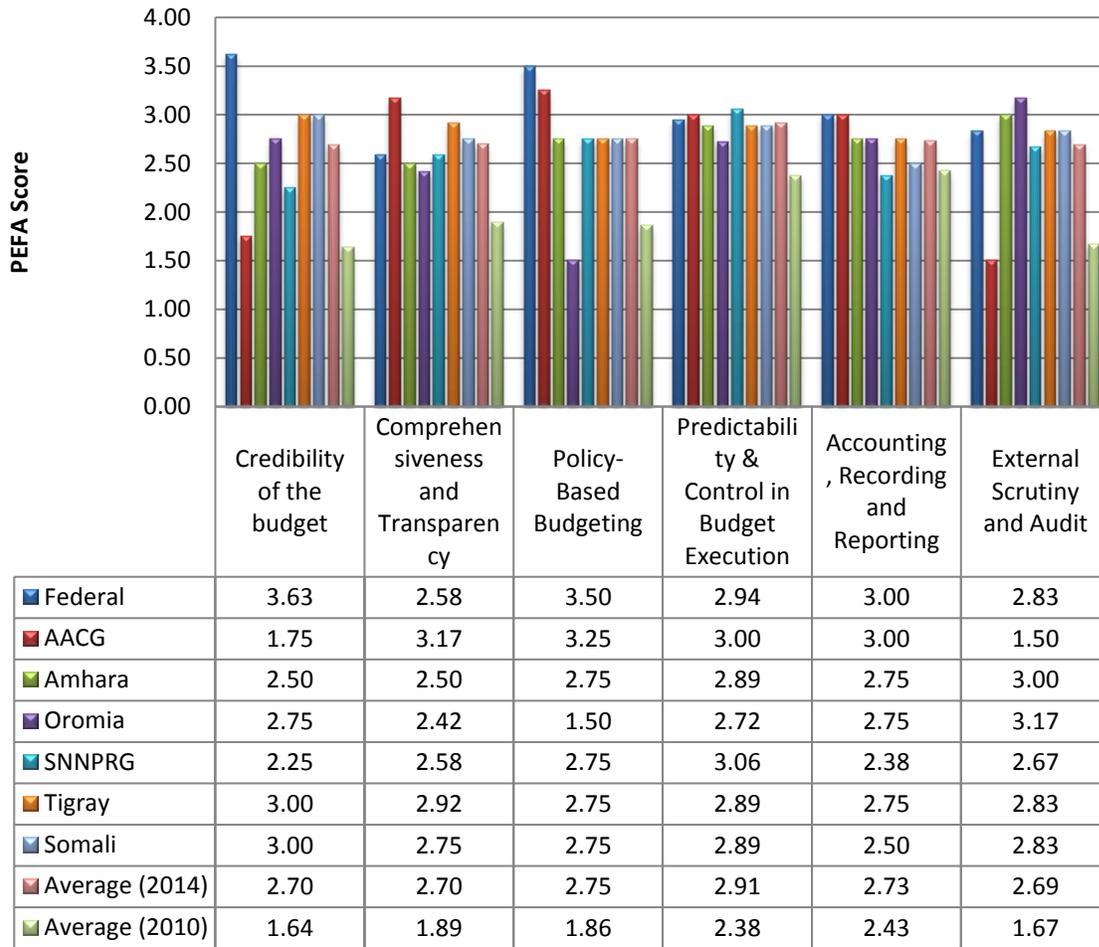
- **Internal Control and Internal audit** – The PEFA note that robust internal control systems remain to be as key strengths of Ethiopia’s PFM systems. The payroll and non-salary control systems received the largest focus in the reform, so it is not surprising that the ratings continue to be strong. A higher rating for payroll controls would be possible if an electronic linkage was created between Human Resource Departments and Financial Administration Departments in BIs. Strengthening of internal audit systems tends to lag behind other PFM reforms and it is believed that the reform on internal audit functions has proceeded at a slower pace than expected since the 2010 assessment due to severe capacity constraints. Inter-agency follow-up units were also established in 2012/13, too late to have much impact in terms of scoring, but they may have a positive impact in the medium term. Capacity constraints are probably the biggest factor impeding progress in implementing PFM reforms, which require skilled and experienced managerial and human resource capacity.
- **Accounting and reporting** - Accounting and reporting systems were already well developed at the time of the 2010 assessment and continues to be in the current assessments. The main remaining challenges were: The provision of electronic linkages between the IBEX systems in BoFEDs and those in sector bureaus, where IBEX was being established on a stand-alone basis. This hasn’t happened to the extent expected, mainly because of the internet connectivity problems all over the country. Performance has worsened in some regions due in part to delays in clearing suspense accounts and advances which has hampered improved scores on “in-year” reporting as well as on annual financial statements. Incorporating commitment reporting into in-year budget performance reports is still an area of challenge and commitments are still not being reported, though the systems are in place to generate in the information. In regard to incorporating reporting on/accounting for DP-financed Programs into IBEX, the main issue was that the budget classification codes were not the same. Slow progress was made in addressing the omission from IBEX - on Channel 1b expenditures. The coverage and timeliness of preparation of the annual financial statements has improved. In addition, progress has been made in developing the data systems necessary for preparing reports on resources being provided to primary service unit with varied performance across regions. Capacity constraints caused by high staff turnover rates are a major issue for accounting and reporting as for the other areas of PFM which is a nation-wide issue.
- **External audit** - The external scrutiny systems had strengthened to some extent by the time of the 2010 assessments. Further strengthening has taken place since, but perhaps by not as much as expected and some weakening has even occurred, particularly in the external audit function, partly due to capacity constraints. External audit has not developed as much as was expected due to capacity constraints and, to some extent, insufficient support from managers of BIs. Only GoE and TRG’s improved its score, due to improved coverage and follow up resulting from increased funding that enabled increased capacity. Others are at a lower rate in terms of coverage and timeliness in issuing reports. Some regions are not doing well in follow up as well. Legislative scrutiny of draft budgets has strengthened to an extent due to the MEFF being reviewed by the relevant legislative committee at the beginning of the budget cycle and the strengthening of procedures for review of the draft budget. Effective review under is still constrained in most regions though as the legislatures receive the draft budget documentation only at the final stage of the budget cycle at which point it is too late for review to have a meaningful impact. Legislative scrutiny of audit reports has improved in terms of strengthening the depth of hearing on audit reports and on monitoring the implementation of recommendations of the legislature based on its review of audit reports. However, the HPR and AA City Council have not issued their own recommendations but instead instruct BIs to implement the recommendations of OFAC and CAG.

66. The overall assessment of the impact of the PFM assessment from the 2014 PEFA can be summarized in three areas:

- *Aggregate fiscal discipline*: - Fiscal discipline is generally strong, except in the case of AACG which over-forecasts domestic revenue, leading to sizeable expenditure cutbacks. This is good in terms of preventing expenditure arrears but maintaining fiscal discipline without having to cut expenditures would be a much better situation. The main risks to fiscal discipline are fiscal risks posed by state-owned enterprises and woreda governments. The risks tend to be higher at GoE level, as it owns a much larger number of enterprises and it is noted that there is inadequate monitoring of fiscal risk systematically. Fiscal risk is also present at regional government level, but the much smaller number of companies makes it easier to monitor their financial health.
- *Strategic allocation of resources*: This is generally strong, but lack of transparency limits the availability of information on government performance and on how fiscal risks are being addressed. Two particular areas of risk are with regard to public enterprises and extra-budgetary funds, which are left out of the fiscal picture. In addition, regional governments provide quarterly reports to the center, but many of these are delayed. This in turn delays the consolidation of the general government accounts and the appraisal of overall performance. In addition, a medium-term perspective on budgeting is still not in place in regional government. Without such a perspective, based on strategic sector plans and forward spending, it is difficult to know the extent which government spending is consistent with policy objectives and strategic priorities. Another issue is the extent of unreported extra-budgetary operations, both domestic and external, particularly the latter. The sectoral spending allocation of EBOs may not be consistent with government strategic objectives and priorities. Governments can tackle this issue by making sure that planned and actual allocation of EBO funds are fully budgeted for and actual spending is fully captured in budget execution reports;
- *Efficient service delivery*: Efficiency will depend on the in-year predictability of the budget in terms of BIs knowing that funds will be available on time to pay bills. This has generally been the case. Efficiency also depends on internal control systems working well. This has generally been the case in terms of payroll control, commitment control and through compliance with internal control rules. In recent years the procurement system has been working more effectively in terms of achieving value for money; open competition has become the norm for procurement. Streamlining of processes through implementation of BPR recommendations is also increasing efficiency (e.g. for payments procedures).

PI		GoE	AACG	ARG	ORG	SNNPRG	TRG	SRG
PI-1	Aggregate expenditure performance	A	D	B	B	B	B	B
PI-2	Variance in expenditure composition	B+	D+		B+	D+	D+	C+
PI-3	Aggregate revenue performance	B	D	C	D	D	A	B
PI-4	Expenditure payment arrears	A	B+	B	B	B+	B+	B+
PI-5	<i>Budget classification</i>	B	B	B	B	B	B	B
PI-6	<i>Budget documentation</i>	B	B	D	D	D	C	C
PI-7	<i>Un-reported EBOs</i>	B+	C+	D+	D+	D+	D+	D+
PI-8	<i>Inter-governmental fiscal relations</i>	B+	A	A	B+	A	A	A
PI-9	<i>Fiscal risk</i>	C	C+	C+	C+	A	A	A
PI-10	<i>Public access to key fiscal information</i>	C	A	B	B	C	B	C
PI-11	Budget preparation	A	B+	A	B	A	A	
PI-12	Medium term perspective in budgeting	B	B	D+	B	D+	D+	D+
PI-13	<i>Transparency</i>	A	A	A	A	A	A	B+
PI-14	<i>Effectiveness of taxpayer registration</i>	B	B	B	B+	B	B	B
PI-15	Tax Collections	C+	D+	D+	D+	D+	D+	D+
PI-16	<i>In-year predictability of budget execution</i>	C+	C+	C+	C+	A	C+	A
PI-17	<i>Cash & debt management systems</i>	B	A	B+	C+	B+	B+	B
PI-18	<i>Payroll control</i>	B+	B+	B+	B+	B	C+	C+
PI-19	<i>Procurement</i>	B+	B	D+	C	C+	B	C+
PI-20	<i>Non-salary internal control</i>	B	B↑	B	B	B	B	B
PI-21	<i>Internal audit</i>	B+	C+	B+	C+	C+	B+	B
PI-22	<i>Accounts reconciliation</i>	A	B	B	B	B	B	B
PI-23	<i>Resources received by service delivery units</i>	NA	A	B	B	C	C	C
PI-24	Quality of in-year budget reports	C+	C+	C+	C+	C+	C+	C+
PI-25	Annual financial statements	C+	C+	C+	C+	C+	C+	C+
PI-26	<i>External Audit</i>	B+	D+	C+	C+	D+	B+	C+
PI-27	<i>Legis-lative oversight: Budget</i>	B+	D+	C+	B+	C+	D+	C+
PI-28	<i>Legis-lative oversight: audit reports.</i>	D+	D+	A	B+	A	B+	B+

PEFA score for Ethiopia-2014



Annex 2: Continuous audit report findings data for three quarters of EFY 2010

OUTSTANDING ISSUES

EFY 2010 – Quarter 1

Regions	Amh	Oromia	Afar	Eth.Somali	B/S	SNNPRS	Gambela	Tigray	Harari	D/D	Total
Asset Management	19	19		17		7	1	3		4	70
Bank & Cash	5	5		14		6	1				31
Receivable & Payable	16	12		7		5	1	3			44
Expenditure	2	2		30		5	2				41
Financial Report											0
Inventory Mgt	1	2		3		1				1	8
Partially Rectified Total	43	40	0	71	0	24	5	6	0	5	194
Fully Rectified											
Not fully Rectified		17				71				6	94
Total Follow up Issues	43	17	0	0	0	71	0	0	0	6	288

EFY 2010 – Quarter 2

Regions	Amh	Oromia	Afar	Eth.Somali	B/S	SNNPRS	Gambela	Tigray	Harari	D/D	Total
Asset Management	17	8	-	19	5	9					58
Bank & Cash	5	4	-	7	1	13					30
Receivable & Payable	12	9		2	2	15					40
Expenditure	5	1		8	1	4					19
Financial Report											-
Inventory Mgt	39	3		3							6
Partially Rectified Total		25		39	9	41					153
Fully Rectified		7				37					44
Not fully Rectified		2				55					57
Total Follow up Issues	39	34		39	9	133					254

FY 2010 – Quarter 3

Regions	Amh	Oromi	Afar	Eth.Somal	B/S	SNNPR	Gambel	Tigra	Harar	D/D	Tota
Asset Management	11	11	4								
Bank & Cash	2	5	2								
Receivable & Payable	4	5	2			2					
Expenditure	2	5	1								
Financial Report											
Inventory Mgt		1	3								
Partially Rectified Total											
Fully Rectified											
Not fully Rectified		1	15			54					
Total Follow up Issues	19	28	27			56					

Annex 3: Budget/Spending numbers/trend

Ethiopia Institute of Agricultural Research

Budget vs. Expenditure

(, 000,000) Birr

	2008	2009	2010

	Budget	Expenditure	Perf.	Budget	Expenditure	Perf.	Budget	Expenditure	Perf.
Recurrent	228.25	212.32	93%	276.55	260.74	94%	802.27	753.35	94%
Capital	286.30	289.12	101%	323.74	333.02	103%	-	-	
Total	514.55	501.44	97%	600.28	593.76	99%	802.27	753.35	94%

Ministry of Agriculture

Budget vs. Expenditure

(, 000,000) Birr

Agricultural Extension Advisory & Training Directorate									
	2008			2009			2010		
	<u>Budget</u>	<u>Expenditure</u>	<u>Perf. %</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>
Recurrent	36.61	30.97	84.59	3.8	3.2	84.21	7.89	7.48	94.80
Capital	<u>3.57</u>	<u>2.72</u>	76.19	<u>275.7</u>	<u>275.7</u>	100.00	<u>279.77</u>	<u>279.77</u>	100.00
Total	<u>40.18</u>	<u>33.69</u>	83.85	<u>279.5</u>	<u>278.9</u>	99.79	<u>287.66</u>	<u>287.25</u>	99.86

Agricultural Technical & Vocational Training									
	2008			2009			2010		
	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>
Recurrent	-	-	-	-	-	-	350.31	302.46	86.34
Capital	<u>316.71</u>	<u>256.81</u>	81.09	<u>370.66</u>	<u>359.05</u>	96.87	-	-	-
Total	<u>316.71</u>	<u>256.81</u>	81.09	<u>370.66</u>	<u>359.05</u>	96.87	<u>350.31</u>	<u>302.46</u>	86.34

Natural Resource Development & Protection Directorate									
	2008			2009			2010		

	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>
Recurrent	7.76	6.2	79.90	14.46	14.08	97.37	15.56	14.91	95.82
Capital	<u>77.05</u>	<u>85.06</u>	110.40	<u>49.46</u>	<u>47.53</u>	96.10	<u>27.65</u>	<u>23.75</u>	85.90
Total	<u>84.81</u>	<u>91.26</u>	107.61	<u>63.92</u>	<u>61.61</u>	96.39	<u>43.21</u>	<u>38.66</u>	89.47

Rural Land Administration & Utilization Management									
	2008			2009			2010		
	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>
Recurrent	2.5	1.45	58.00	2.53	2.11	83.40	1.79	1.53	85.47
Capital	<u>4.83</u>	<u>0.42</u>	8.70	<u>2.69</u>	<u>0.17</u>	6.32	-	-	-
Total	<u>7.33</u>	<u>1.87</u>	25.51	<u>5.22</u>	<u>2.28</u>	43.68	<u>1.79</u>	<u>1.53</u>	85.47

ATVETI Coordination Office (Including the Colleges)									
	2008			2009			2010		
	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>
Recurrent	-	-	-	-	-	-	350.26	302.46	86.35
Capital	<u>313.66</u>	<u>256.81</u>	81.87	<u>366.55</u>	<u>359.05</u>	97.95	<u>49.37</u>	<u>18.81</u>	38.10
Total	<u>313.66</u>	<u>256.81</u>	81.87	<u>366.55</u>	<u>359.05</u>	97.95	<u>399.63</u>	<u>321.27</u>	80.39

Alagie ATVETI									
	2008			2009			2010		
	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>

Recurrent	-	-	-	-	-	-	120.89	109.94	90.94
Capital	<u>99.60</u>	<u>81.17</u>	<u>81.50</u>	<u>115.75</u>	<u>101.78</u>	<u>87.93</u>	<u>-</u>	<u>-</u>	-
Total	<u>99.60</u>	<u>81.17</u>	<u>81.50</u>	<u>115.75</u>	<u>101.78</u>	<u>87.93</u>	<u>120.89</u>	<u>109.94</u>	<u>90.94</u>

SNNPR

Budget vs. Expenditure at Regional and Woreda Level
(‘000,000) Birr

		2008				2009			2010		
		Bureau	Woreda	Total	Bureau	Woreda	Total	Bureau	Woreda	Total	
Office of Agr.	Recurrent	Budget	79.84	982.06	1,061.90	97.38	931.66	1,029.04	96.22	1,062.53	1,158.75
		Actual	72.43	963.45	1,035.88	94.92	915.95	1,010.88	91.82	1,044.98	1,136.79
		Perf.	91%	98%	98%	97%	98%	98%	95%	98%	98%
	Capital	Budget	134.79	97.78	232.57	146.90	95.15	242.05	160.36	98.34	258.70
	Capital	Actual	113.99	75.31	189.30	126.85	75.55	202.40	152.59	80.32	232.91
		Perf.	85%	77%	81%	86%	79%	84%	95%	82%	90%
	Total	Budget	214.62	1,079.85	1,294.47	244.28	1,026.81	1,271.09	256.58	1,160.88	1,417.46
	Total	Actual	186.43	1,038.75	1,225.18	221.78	991.50	1,213.28	244.40	1,125.30	1,369.70
		Perf.	87%	96%	95%	91%	97%	95%	95%	97%	97%
RARI	Recurrent	Budget	39.70	-	39.70	56.29	-	56.29	66.20	-	66.20
	Recurrent	Actual	38.69	-	38.69	55.82	-	55.82	63.26	-	63.26
		Perf.	97%		97%	99%	-	99%	96%		96%
	Capital	Budget	37.94	-	37.94	64.03	-	64.03	43.15	-	43.15
	Capital	Actual	36.74	-	36.74	30.53	-	30.53	36.53	-	36.53
		Perf.	97%		97%	48%		48%	48%		48%
	Total	Budget	77.65	-	77.65	120.32	-	120.32	109.35	-	109.35
	Total	Actual	75.42	-	75.42	86.35	-	86.35	99.79	-	99.79
		Perf.	97%		97%	72%		72%	91%		91%
Office of Land Adm.	Recurrent	Budget	6.17	-	6.17	7.61	-	7.61	8.89	-	8.89
	Recurrent	Actual	5.79	-	5.79	7.25	-	7.25	8.01	-	8.01
		Perf.	94%	-	94%	95%	-	95%	90%		

	Capital	Budget	3.02	-	3.02	3.15	-	3.15	3.54	-	3.54
	Capital	Actual	2.36	-	2.36	2.11	-	2.11	2.12	-	2.12
		Perf.	78%	-	78%	67%	-	67%	60%	-	60%
	Total	Budget	9.19	-	9.19	10.76	-	10.76	12.43	-	12.43
	Total	Actual	8.15	-	8.15	9.36	-	9.36	10.12	-	10.12
		Perf.	89%	-	89%	87%	-	87%	81%	-	81%

Benshangul Gumuz Region

Budget vs. Expenditure at Regional and Woreda Level

('000,000) Birr

			2008			2009			2010		
			Bureau	Woreda	Total	Bureau	Woreda	Total	Bureau	Woreda	Total
Office of Agric.	Recurrent	Budget	47.97	120.07	168.04	67.63	159.78	227.42	86.26	204.16	290.42
	Recurrent	Actual	45.95	119.19	165.14	59.27	155.40	214.68	79.53	197.69	277.22
		Perf.	96%	99%	98%	88%	97%	94%	92%	97%	95%
	Capital	Budget	63.04	2.35	65.40	76.09	9.63	85.73	42.79	24.48	67.26
	Capital	Actual	42.23	2.29	44.51	49.45	5.33	54.77	33.88	14.98	48.86
		Perf.	67%	97%	68%	65%	55%	64%	79%	61%	73%
	Total	Budget	111.01	122.43	233.44	143.73	169.42	313.14	129.05	228.64	357.68
	Total	Actual	88.18	121.47	209.65	108.72	160.73	269.45	113.41	212.67	326.08
		Perf.	79%	99%	90%	76%	95%	86%	88%	93%	91%
Office of Land Adm.	Recurrent	Budget	9.70	9.18	18.88	12.55	14.38	26.93	15.93	23.18	39.11
	Recurrent	Actual	9.44	9.09	18.53	11.82	13.72	25.54	15.87	22.26	38.13
		Perf.	97%	99%	98%	94%	95%	95%	100%	96%	97%
	Capital	Budget	5.21	0.00	5.21	6.20	0.08	6.28	6.00	0.00	6.00
	Capital	Actual	5.11	0.00	5.11	6.14	0.06	6.20	5.12	0.00	5.12
		Perf.	98%	-	98%	99%	66%	99%	85%	-	85%
	Total	Budget	14.91	9.18	24.09	18.75	14.46	33.22	21.93	23.18	45.11
	Total	Actual	14.55	9.09	23.64	17.96	13.77	31.74	20.98	22.26	43.24
		Perf.	98%	99%	98%	96%	95%	96%	96%	96%	96%

**Budget vs. Expenditure of visited woredas
(, 0000, 000) Birr**

SNNP-East Badawacho woreda

Agriculture and Rural Development

	2008			2009			2010		
	Budget	Actual	Perf.	Budget	Actual	Perf.	Budget	Actual	Perf.
Recurrent	9.92	9.74	98%	9.46	9.46	100%	11.87	10.53	89%
Capital	-	-	-	-	-	-	-	-	-
Total	9.92	9.74	98%	9.46	9.46	100%	11.87	10.53	89%

SNNPR-wondoGenete woreda

Agriculture and Rural Development

	2008			2009			2010		
	Budget	Actual	Perf.	Budget	Actual	Perf.	Budget	Actual	Perf.
Recurrent	5.22	5.22	100%	5.01	5.01	100%	6.13	6.13	100%
Capital	-	-	-	5.55	-		-	-	-
	5.22	5.22	100%	10.56	5.01	47%	6.13	6.13	100%

Benshangul G- Bambassi woreda

Agriculture & Rural Development

	2008			2009			2010		
	Budget	Actual	Perf.	Budget	Actual	Perf.	Budget	Actual	Perf.
Recurrent	8.79	8.80	100%	12.05	11.48	95%	15.02	14.22	95%
Capital	-	-	-	0.21	0.08	38%	2.60	0.11	4%
Total	8.79	8.80	100%	12.26	11.56	94%	17.62	14.33	81%

Environmental Protection and Soil Administration

	2008			2009			2010		
	Budget	Actual	Perf.	Budget	Actual	Perf.	Budget	Actual	Perf.
Recurrent	0.44	0.45	103%	0.74	0.72	97%	1.85	1.72	93%
Capital	-	-		-	-		-	-	

Total	0.44	0.45	103%	0.74	0.72	97%	1.85	1.72	93%
-------	-------------	-------------	-------------	-------------	-------------	------------	-------------	-------------	------------

Benshangul G- Kurmuk woreda

Agriculture & Rural Development

	2008			2009			2010		
	Budget	Actual	Perf.	Budget	Actual	Perf.	Budget	Actual	Perf.
Recurrent	8.79	8.80	100%	12.05	11.48	95%	15.02	14.22	95%
Capital	-	-	-	0.21	0.08	38%	2.60	0.11	4%
Total	8.79	8.80	100%	12.26	11.56	94%	17.62	14.33	99%

Environmental Protection and Soil Administration

	2008			2009			2010		
	Budget	Actual	Perf.	Budget	Actual	Perf.	Budget	Actual	Perf.
Recurrent	0.44	0.45	103%	0.74	0.72	97%	1.85	1.72	93%
Capital	-	-	-	-	-	-	-	-	-
Total	0.44	0.45	103%	0.74	0.72	97%	1.85	1.72	93%

Amhara

Budget vs. Expenditure at Regional and Woreda Level

(‘000,000) Birr

			2008			2009			2010		
			Bureau	Woreda	Total	Bureau	Woreda	Total	Bureau	Woreda	Total
Office of Agr.	Recurrent	Budget	142.16	1,046.27	1,188.44	158.04	1,016.81	1,174.86	189.50	1,189.67	1,379.17
	Recurrent	Actual	139.10	1,032.05	1,171.16	157.32	1,014.51	1,171.83	186.93	1,202.09	1,389.02
		Perf.	97.85	98.64	98.55	99.54	99.77	99.74	98.64	101.04	100.71
	Capital	Budget	242.57	89.61	332.19	360.14	103.90	464.04	249.99	116.18	366.18
	Capital	Actual	216.26	81.19	297.45	295.38	105.86	401.24	163.89	105.09	268.98
		Perf.	89.15	90.60	89.54	82.02	101.89	86.47	65.56	90.45	73.46
	Total	Budget	384.74	1,135.88	1,520.62	518.18	1,120.71	1,638.89	439.49	1,305.85	1,745.35
	Total	Actual	355.36	1,113.25	1,468.61	452.70	1,120.37	1,573.07	350.82	1,307.18	1,658.00
		Perf.	92.36	98.01	96.58	87.36	99.97	95.98	79.82	100.10	95.00
RARI	Recurrent	Budget	119.41	-	119.41	130.46	-	130.46	143.59	-	143.59
	Recurrent	Actual	105.46	-	105.46	127.13	-	127.13	137.30	-	137.30

		Perf.	88.32	-	88.32	97.44	-	97.44	95.62	-	95.62
	Capital	Budget	12.54	-	12.54	26.20	-	26.20	29.69	-	29.69
	Capital	Actual	2.66	-	2.66	9.55	-	9.55	18.62	-	18.62
		Perf.	21.24	-	21.24	36.46	-	36.46	62.71	-	62.71
	Total	Budget	131.94	-	131.94	156.66	-	156.66	173.28	-	173.28
	Total	Actual	108.12	-	108.12	136.68	-	136.68	155.92	-	155.92
		Perf.	81.94	-	81.94	87.24	-	87.24	89.98	-	89.98
Office of L. Adm.	Recurrent	Budget	26.01	198.35	224.36	30.26	292.59	322.86	39.42	384.61	424.04
	Recurrent	Actual	34.61	196.50	231.10	46.24	292.70	338.94	38.92	375.59	414.52
		Perf.	133.05	99.06	103.00	152.79	100.04	104.98	98.73	97.66	97.76
	Capital	Budget	55.27	1.71	56.98	88.66	1.53	90.18	51.58	11.96	63.55
	Capital	Actual	50.19	1.29	51.49	59.98	1.09	61.08	50.67	9.59	60.25
		Perf.	90.82	75.66	90.36	67.66	71.46	67.72	98.23	80.20	94.81
	Total	Budget	81.28	200.06	281.34	118.92	294.12	413.04	91.00	396.57	487.59
	Total	Actual	84.80	197.79	282.59	106.22	293.80	400.02	89.59	385.19	474.77
		Perf.	104.33	98.86	100.44	89.32	99.89	96.85	98.45	97.13	97.37

Oromia

Budget vs. Expenditure at Regional and Woreda Level

('000,000) Birr

			2008			2009			2010		
			Bureau	Woreda	Total	Bureau	Woreda	Total	Bureau	Woreda	Total
Office of Agr.	Recurrent	Budget	237.15	949.73	1,186.88	181.94	1,041.04	1,222.98	192.41	1,155.16	1,347.58
	Recurrent	Actual	213.71	934.33	1,148.04	169.74	1,018.14	1,187.88	180.97	1,139.60	1,320.57
		Perf.	90.12	98.38	96.73	93.29	97.80	97.13	94.05	98.65	98.00
	Capital	Budget	136.68	165.90	302.58	81.86	100.93	182.79	85.23	56.29	141.52
	Capital	Actual	44.32	141.85	186.17	51.07	78.52	129.59	29.81	41.76	71.57
		Perf.	32.43	85.50	61.53	62.39	77.79	70.90	34.98	74.19	50.58
	Total	Budget	373.82	1,115.63	1,489.45	263.80	1,141.97	1,405.77	277.64	1,211.46	1,489.10
	Total	Actual	258.03	1,076.18	1,334.21	220.82	1,096.66	1,317.47	210.78	1,181.37	1,392.15
		Perf.	69.02	96.46	89.58	83.71	96.03	93.72	75.92	97.52	93.49

RARI	Recurrent	Budget	95.48	-	95.48	111.32	-	111.32	137.60	-	137.60
	Recurrent	Actual	<u>92.75</u>	-	<u>92.75</u>	<u>105.57</u>	-	<u>105.57</u>	<u>133.14</u>	-	<u>133.14</u>
		Perf.	<u>97.14</u>	-	<u>97.14</u>	<u>94.83</u>	-	<u>94.83</u>	<u>96.76</u>	-	<u>96.76</u>
	Capital	Budget	63.22	-	63.22	72.99	-	72.99	70.54	-	70.54
	Capital	Actual	<u>55.50</u>	-	<u>55.50</u>	<u>60.19</u>	-	<u>60.19</u>	<u>58.71</u>	-	<u>58.71</u>
		Perf.	<u>87.79</u>	-	<u>87.79</u>	<u>82.46</u>	-	<u>82.46</u>	<u>83.23</u>	-	<u>83.23</u>
	Total	Budget	158.70	-	158.70	184.31	-	184.31	208.14	-	208.14
	Total	Actual	<u>148.25</u>	-	<u>148.25</u>	<u>165.76</u>	-	<u>165.76</u>	<u>191.85</u>	-	<u>191.85</u>
		Perf.	<u>93.41</u>	-	<u>93.41</u>	<u>89.94</u>	-	<u>89.94</u>	<u>92.17</u>	-	<u>92.17</u>
Office of L. Adm.	Recurrent	Budget	86.95	267.44	354.40	45.69	385.70	431.39	52.34	372.35	424.68
	Recurrent	Actual	<u>85.59</u>	<u>260.39</u>	<u>345.98</u>	<u>44.30</u>	<u>379.05</u>	<u>423.35</u>	<u>50.06</u>	<u>366.72</u>	<u>416.79</u>
		Perf.	<u>98.43</u>	<u>97.36</u>	<u>97.62</u>	<u>96.94</u>	<u>98.28</u>	<u>98.13</u>	<u>95.65</u>	<u>98.49</u>	<u>98.14</u>
	Capital	Budget	86.12	3.81	89.93	104.41	4.63	109.04	76.36	0.79	77.15
	Capital	Actual	<u>77.56</u>	<u>3.16</u>	<u>80.71</u>	<u>101.36</u>	<u>2.52</u>	<u>103.88</u>	<u>67.41</u>	<u>0.27</u>	<u>67.68</u>
		Perf.	<u>90.06</u>	<u>82.83</u>	<u>89.75</u>	<u>97.08</u>	<u>54.38</u>	<u>95.27</u>	<u>88.27</u>	<u>34.61</u>	<u>87.73</u>
	Total	Budget	173.07	271.25	444.32	150.11	390.32	540.43	128.70	373.13	501.83
	Total	Actual	<u>163.15</u>	<u>263.54</u>	<u>426.69</u>	<u>145.66</u>	<u>381.57</u>	<u>527.22</u>	<u>117.47</u>	<u>367.00</u>	<u>484.46</u>
		Perf.	<u>94.27</u>	<u>97.16</u>	<u>96.03</u>	<u>97.04</u>	<u>97.76</u>	<u>97.56</u>	<u>91.27</u>	<u>98.36</u>	<u>96.54</u>

**Budget vs. Expenditure of visited Bureaus & Woredas
(, 0000, 000) Birr**

Amhara Bureau of Agriculture									
	2008			2009			2010		
	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>
Recurrent	47.04	45.63	96.99	46.83	47.83	102.13	66.13	65.54	99.11
Capital	<u>227.65</u>	<u>205.63</u>	90.33	<u>350.41</u>	<u>290.18</u>	82.81	<u>241.82</u>	<u>156.42</u>	64.68
Total	<u>274.69</u>	<u>251.26</u>	91.47	<u>397.24</u>	<u>338.01</u>	85.09	<u>307.95</u>	<u>221.96</u>	72.08

Amhara RARI

	2008			2009			2010		
	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>
Recurrent	29.63	18.26	61.64	21.29	23.55	110.64	17.62	14.97	84.96
Capital	<u>3.50</u>	<u>1.72</u>	49.27	<u>2.60</u>	<u>2.40</u>	92.22	<u>0.50</u>	<u>0.04</u>	7.80
Total	<u>33.13</u>	<u>19.98</u>	60.33	<u>23.89</u>	<u>25.95</u>	108.64	<u>18.12</u>	<u>15.01</u>	82.83

Amhara Bureau of Land Administration									
	2008			2009			2010		
	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>
Recurrent	21.95	21.45	97.73	20.64	20.60	99.81	16.50	16.07	97.39
Capital	<u>55.27</u>	<u>50.19</u>	90.82	<u>75.03</u>	<u>59.44</u>	79.22	<u>49.87</u>	<u>49.14</u>	98.55
Total	<u>77.22</u>	<u>71.65</u>	92.78	<u>95.67</u>	<u>80.04</u>	83.66	<u>66.37</u>	<u>65.21</u>	98.26

Amhara - Yilmana Densa Woreda Agriculture Office									
	2008			2009			2010		
	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>
Recurrent	9.67	9.65	99.82	9.48	9.43	99.43	11.19	11.00	98.24
Capital	<u>0.42</u>	<u>0.35</u>	83.92	<u>0.12</u>	<u>0.11</u>	90.34	<u>0.19</u>	<u>0.19</u>	99.66
Total	<u>10.09</u>	<u>10.01</u>	<u>99.16</u>	<u>9.60</u>	<u>9.54</u>	<u>99.32</u>	<u>11.39</u>	<u>11.19</u>	<u>98.27</u>

Amhara - Yilmana Densa Woreda Land Administration Office									
	2008			2009			2010		
	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>
Recurrent	2.13	2.11	99.27	2.99	2.96	98.92	3.79	3.74	98.64

Capital	-	-	-	-	-	-	0.27	0.27	100.00
Total	2.13	2.11	99.27	2.99	2.96	98.92	4.06	4.01	98.73

Amhara – Farta Woreda Agriculture Office

	2008			2009			2010		
	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>
Recurrent	11.72	11.72	100.00	11.03	11.03	99.99	10.89	10.89	99.99
Capital	0.45	0.36	80.15	0.14	0.14	100.00	0.36	0.36	98.16
Total	12.16	12.08	99.27	11.16	11.16	99.99	11.26	11.25	99.93

Amhara – Farta Woreda Land Administration Office

	2008			2009			2010		
	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>
Recurrent	2.56	2.56	100.00	3.76	8.17	217.35	4.04	4.04	99.93
Capital	-	-	-	-	-	-	0.23	0.23	99.87
Total	2.56	2.56	100.00	3.76	8.17	217.35	4.27	4.27	99.92

Oromia Bureau of Agriculture

	2008			2009			2010		
	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>
Recurrent	107.59	96.22	89.44	99.11	91.93	92.75	96.97	90.43	93.26
Capital	58.44	30.33	51.89	66.27	40.28	60.79	82.92	28.18	33.99
Total	166.03	126.55	76.22	165.38	132.21	79.94	179.89	118.61	65.94

Oromia RARI

	2008			2009			2010		
	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>
Recurrent	10.61	10.21	96.23	11.32	11.11	98.15	14.21	13.58	95.56
Capital	<u>15.29</u>	<u>11.57</u>	75.65	<u>23.83</u>	<u>14.01</u>	58.77	<u>26.97</u>	<u>16.93</u>	62.78
Total	<u>25.90</u>	<u>21.78</u>	84.08	<u>35.15</u>	<u>25.11</u>	71.45	<u>41.18</u>	<u>30.51</u>	74.09

Oromia Bureau of Land Administration									
	2008			2009			2010		
	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>
Recurrent	56.49	55.85	98.86	13.84	13.61	98.34	16.79	16.31	97.15
Capital	<u>77.88</u>	<u>71.16</u>	91.37	<u>89.28</u>	<u>87.71</u>	98.24	<u>60.00</u>	<u>52.98</u>	88.30
Total	<u>134.37</u>	<u>127.01</u>	94.52	<u>103.12</u>	<u>101.32</u>	98.25	<u>76.79</u>	<u>69.29</u>	90.23

Oromia Ejere Woreda Agriculture Office									
	2008			2009			2010		
	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>
Recurrent	4.40	4.06	92.36	4.68	4.63	98.86	5.42	5.41	99.80
Capital	-	-	-	-	-	-	-	-	-
Total	<u>4.40</u>	<u>4.06</u>	92.36	<u>4.68</u>	<u>4.63</u>	98.86	<u>5.42</u>	<u>5.41</u>	99.80

Oromia Ejere Woreda Land Administration Office									
	2008			2009			2010		
	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>
Recurrent	1.30	1.11	85.55	1.27	1.25	98.38	1.17	1.17	99.44

Capital	0.48	0.48	100.00	-	-	-	-	-	-
Total	1.79	1.60	89.47	1.27	1.25	98.38	1.17	1.17	99.44

Oromia Aleltu Woreda Agriculture Office									
	2008			2009			2010		
	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>
Recurrent	2.80	2.78	99.56	3.02	3.02	99.97	2.92	2.92	99.99
Capital	0.30	0.30	100.00	0.15	0.15	99.91	-	-	-
Total	3.10	3.09	99.60	3.17	3.17	99.97	2.92	2.92	99.99

Oromia Aleltu Woreda Land Administration Office									
	2008			2009			2010		
	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>	<u>Budget</u>	<u>Expenditure</u>	<u>Perf.</u>
Recurrent	0.95	0.95	99.57	1.05	1.05	100.00	1.05	1.05	99.99
Capital	-	-	-	-	-	-	-	-	-
Total	0.95	0.95	99.57	1.05	1.05	100.00	1.05	1.05	99.99

Annex 4: Financial management Staff data

	structure	Actual	Vacant	Qualification
Federal- EIAR Head Office				
Budget	3	3	-	ALL BA
Account	14	14	-	10 BA,4 Diploma
Internal audit	10	8	2	ALL BA
Property mgt.	5	5	-	1BA,4Diploma
Federal –EIAR Centers (17centers)				
Budget	15	15		
Account	107	107		
Internal audit	21	21		
Property mgt.	65	65		
SNNPR, BoA &LAU				
Budget	10	10		ALL BA
Account	11	11		9 BA, 2 Diploma
Internal audit	6	6		ALL BA
Property mgt.	7	7		6 BA, 1Diploma
SNNPR –RIAR Head Office				
Budget	5	5		ALL BA
Account	9	9		1MA,6BA,2Diploma
Internal audit	5	4	1	ALL BA
Property mgt.	2	2		BA
SNNPR –RIAR Centers (6)				
Budget	6	6		ALL BA
Account	34	34		29 BA,5 Diploma
Internal audit	6	5		ALL BA
Property mgt.	12	12		5 BA,7 Diploma
SNNPR- Misrak Badawich WoFED				
Budget	8	5	3	ALL BA
Account	15	14	1	ALL BA

Internal audit	10	6	4	ALL BA
Property mgt.	6	3	3	ALL BA
SNNPR- WondoGenet WoFED				
Budget	6	4	2	1MA,3BA
Account	14	9	5	ALL BA
Internal audit	9	3	6	ALL BA
Property mgt.	7	1	1	BA
Benshangul-G-RLAU				
Budget	4	4		ALL BA
Account	12	11	1	2 BA,9Diploma
Internal audit	5	4	1	1BA,4Diploma
Property mgt.	7	6	1	3BA,3Diploma
Benshangul-G- BoA				
Budget	6	6		ALL BA
Account	12	12		5BA,7Diploma
Internal audit	4	4		ALL BA
Property mgt.	6	6		2BA,4Diploma
Benshangul-G- Bambasie WoFED				
Budget	7	6	1	ALL BA
Account	19	18	1	8BA,10Diploma
Internal audit	4	3	1	ALL BA
Property mgt.	5	5		3BA,2Diploma
Benshangul-G- Kumruk WoFED				
Budget	7	3	4	2BA,1Diploma
Account	14	13	1	5BA,8Diploma
Internal audit	4	2	2	1BA,1Diploma
Property mgt.	5	5		ALL Diploma
Federal MoA				
Budget				
Account	44	42	2	34 BA,8 Diploma
Internal audit	20	10	10	10BA
Property mgt.	22	22		1MA, 5BA, 16 Dip.

Federal ATVET coordination office				
Accountant	6	5	1	3BA,2Diploma
Federal Alagie Agricultural TVETI				
Budget	4	1	3	1 BA
Account	27	20	7	12 BA,8 Diploma
Internal audit	5	4	1	3BA,1Diploma
Property mgt.	16	10	6	2BA,8Diploma
Amhara BOA				
Budget	9	7	2	7 BA
Account	11	11		11 BA
Internal audit	6	6		6BA
Property mgt.	9	7	2	7BA
Amhara BOLAU				
Budget	3	3		3BA
Account	9	9		6BA,3Diploma
Internal audit	3	3		3BA
Property mgt.	4	4		2BA,2Diploma
Amhara RARI				
Budget	2	2		2BA
Account	7	7		6BA,1Dioplna
Internal audit	3	3		
Property mgt.	4	4		2BA,2Diploma
Amhara RARI centers (9 center				
Budget	7	7		7BA
Account	52	52		37BA,15Diploma
Internal audit	7	7		7 Diploma
Property mgt.	17	17		17 Diploma
Amhara Yilmana Densa WoFED				
Budget	4	4		4BA
Account	23	22		21BA,1Diploma

Internal audit	5	5		5BA
Property mgt.	10	8	2	4BA,4Diploma
Amhara-Farta WoFED				
Budget	4	4		8BA
Account	23	23		16BA,7Diploma
Internal audit	8	8		8BA
Property mgt.	10	10		1BA,9Diploma
Oromia-BoA				
Budget	6	5	1	5BA
Account	18	17		13BA,4Diploma
Internal audit	12	12		12BA
Property mgt.	8	8		1BA,7Diploma
Oromia BoLAU				
Budget	7	7		1BA,6Diploma
Account	10	10		8BA,2Diploma
Internal audit	4	4		4Diploma
Property mgt.	2	2		2Diploma
Oromia RARI				
Budget	6	3		3BA
Account	11	10		7BA,3Diploma
Internal audit	8	8		8BA
Property mgt.	5	4		4Diploma
Oromia Ejera WoFED				
Budget	7	3	4	3BA
Account	18	18		18BA
Internal audit	9	4	5	4BA
Property mgt.	7	4	3	1BA,3Diploma
Oromia-Aleltu WoFED				
Budget	8	7	1	7BA
Account	16	15	1	12BA,3Diploma
Internal audit	11	8	3	8BA
Property mgt.	5	5		3BA,2Diploma

Annex 5: External Audit-visited implementing entities

Proposed IEs	External audit	Latest audit report issued	Date of issue	Opinion	Major qualification points
EIAR	Audit service Corp.	July7,2015 (EFY 2007) Note: field work for July 7, 2016 account has been completed. Audit for July 7,2017 &2018 has not yet been started	July 4,2018	Qualified (except for)	-Difference of Birr 12million between ending bank statement balance for special bank account (July 7, 2014) and the opening balance (July8, 2014) for the same account. The latter found more. No explanation -Long outstanding receivable balance Birr 30,831,869 - Long outstanding account payable balance Birr 2,358,675
SNNPR-BOA	ORAG	July 7,2016 (EFY 2008) -ORAG did not conduct EFY 2009 account -audit field work has been	May 25,2018	Disclaimer	-Long outstanding receivable Birr 79,654,758 -Long outstanding payable Birr 143,770,175 -Unutilized budget Birr 33,544,403 -Abnormal balance of receivable Birr 8,792,017.22

		completed for EFY 2010 account and exit conference has been conducted. The Bureau expect except for opinion			-Expenditure without supplier invoice (receipts) Birr 13,471,121.09
SNNPR-RIAR	ORAG	July 7,2015 (EFY 2007) ORAG did not conduct the EFY 2008 account Audit for EFY 2009 & 2010 is under progress	Feb 28,2017	Qualified (except for)	Qualification points were insignificant such as long outstanding receivable Birr 309,057. 06 and long outstanding payable balance Birr 142,799.58, coding error Birr 4,306, Not deducting WHT of Birr 1,168.73
SNNPR- East Badawacho woreda	ORAG	July 7,2017 (EFY 2009) July 7,2018 account was audited but report was not yet issued	December 4,2018	Qualified (except for)	-Long outstanding receivable Birr 19,543,679.38 -Long outstanding payable balance Birr 4,890,597.51 -Per diem payment without supporting documents Birr18,856
SNNPR- Wondo Genet woreda	Not obtained. But the assessment team noted that the EFY 2010 audit is under progress				
Benshangul G-BoA	ORAG	July 7,2017 (EFY 2009) July 7,2018 account was under audit		Qualified (except for)	-Long outstanding receivable Birr 19,543,679.38 13,691,292 -Long outstanding payable balance Birr 5,824,569.04 -Improper per diem Birr 45,323.75 Unutilized budget Birr 3,199,879.63
Benshangul G	ORAG	July 7,2018 (EFY 2010)	Feb 14,2019	Qualified (except for)	-Unutilized budget Birr 1,080,008.35

Bureau of Land Administration					-Fixed asset not counted for EFY 2010
Benshangul G Bambassi woreda	ORAG	July 7, 2017 (EFY 2009) July 7, 2018 audit was completed but report was not yet issued	13/04/2018	Qualified (except for)	-Long outstanding receivable balance Birr 900,502 -Long outstanding payable balance Birr6,539,579
Benshangul G Kurmuk woreda	ORAG	July 7, 2018 (EFY 2010)	15/01/2019	Adverse	-Long outstanding receivable balance Birr 934,568.05 -Inappropriate per diem payment birr 71,079.5 Payment without supplier invoice/GRN Birr 440,846.48 -Long outstanding payable balance birr1,625,011.61 Unutilized budget birr492554.79
MOA (including ATVTEs)	OFAG	July 7, 2017 (EFY 2009)		Adverse	-long outstanding advances (work and purchase advances; -long outstanding liabilities; -Issues or findings related to inter branch transactions; - Presence of unsupported payments;
Oromia BoA	ORAG	July 7, 2017 (EFY 2009)		Qualified (except for)	
Oromia BoLAU	ORAG	July 7, 2017 (EFY 2009)		Qualified (except for)	
Oromia RIAR	ORAG	July 7, 2017 (EFY 2009)		Qualified (except for)	
Oromia Aleltu Woreda	ORAG	July 7, 2017 (EFY 2009)		Qualified (except for)	

Oromia Ejere Woreda	ORAG	July 7,2017 (EFY 2009)		Qualified (except for)	
Amhara-BoA	ORAG			Unqualified (Clean Opinion)	
Amhara BoLAU	ORAG	July 7,2017 (EFY 2009)		Qualified (except for)	
Amhara-RIAR	ORAG	July 7,2018 (EFY 2010)		Qualified (except for)	
Amhara-Farta Woreda	ORAG	July 7,2018 (EFY 2010)		Qualified (except for)	-Long outstanding advance of Birr 16.87 million -Ling outstanding liability of Birr 1 million; Uncollected penalty income of Birr 38;007.31; Under spending of Birr 1.20 million;

Annex 6: Fraud and Corruption and Compliant handling Performance

Table 1: F & C Prevention and Control Performances in sample region of Amhara and Oromiya

No.	Description	Amhara	Oromiya	Remarks/both
1	Urgent F & C prevention activity is based on tip offs received on procurements that are under process	· Procurement in Land Administration- reviewed /amended and recommended to proceed;	Due to irregularities the Procurement process for Road construction (Sebeta town Birr 48 million) has been cancelled	Total Birr saved and procurement processes canceled/ revised

No.	Description	Amhara	Oromiya	Remarks/both
		· Central Gonder zone, Aderkay- (Birr 1.109,060) a payment for the procurement of improved beehives (without delivering the materials) has been suspended.	Birr 48 Million saved.	Birr 49. 688 Million saved
		· Oromo zone, Chefa Robit- a Payment (Birr 579, 465) for construction works not undertaken has been replenished;		
		· Birr 1.688 Million saved		
2	Misappropriated finance recovered by EACs in different Offices (in Million Birr)		74.867	74.867
3	Recovery of misappropriated Finance (in Million Birr)	8.528		8.528
4	Penalty imposed & collected (in Million Birr)	0.8852	5.984593	6.869793
5	Tip Offs by area of Focus	1545	1508	3053
	• Land	270	607	877
	• Procurement	165	242	407
	• Tax	41	193	234
	• Justice and Administration	53	101	154
	• Counterfeiting and use	541		541
	• Others	475	365	840
	% of Tip-offs of land and procurement	28.2%	56.3%	84.5%
6	Tip-offs presented to the commission	2206	1491	3697
	• Transferred (from previous year)	27		27
	• New Tip Offs	2179	1491	3670
7	Tip Offs within the Commission's Jurisdiction	1741	836	2577

No.	Description	Amhara	Oromiya	Remarks/both
	Tip Offs that required administrative solution	683	301	984
	% of tip off that required administrative solutions	39.2%	36.0%	38.2%
	• Submitted to the Commissions investigators	671	399	1070
	• Not submitted to investigators	25	13	38
	• To be investigated by Police and others	166	123	289
	• Further explanation required		655	655
	• Not related to FC	465		465
8	Assets barred/ retained			
	<input type="checkbox"/> Land (Sq.M)	8688	23092	31780
	• Cash (in Millions)	18.22	0.576	18.796
	• Residence	3	7	10
	• Businesses/ stores		2	2
	• Means of Transport			
	• Vehicle		4	4
	• Motor Cycle		3	3
	• Other Assets (Birr in millions)	33.153		33.153
9	Assets seized/ appropriated			
	• Land (sq.M)	3231	133,397	136628
	• Land owned for Investment		343	343
	• Forest land (ha.)		3613	3613
	• Residence	4	5	9
	• Businesses	1		1
	• Cash (Birr in millions)		9.22	9.22
	• Means of Transport (Vehicle)		2	2

No.	Description	Amhara	Oromiya	Remarks/both
10	Investigated cases	1319	836	2155
	• Transferred from previous year	419		419
	• Investigated by the Commission	530	713	1243
	• Investigated by Police and others	419	123	542
	• To be investigated (699 out of which 74 returned in the year)	699		
11	Investigated cases submitted to the Prosecutors	397	836	1233
12	Investigators Capacity	63.50%	56.33%	
13	Prosecutors investigation Capacity	83.30%	66.10%	
14	Conviction rate (achieved)	90.33%	82%	
15	Asset Registration (of Public Servants and elected officials)	12093	9948	22041
	• 1st registration	7350	6083	13433
	• 2nd registration	4743	3865	8608
16	Short term trainings provided to sector staff and communities (No of trainees)	297336	16222	313,558
	Female trainees	206547	4713	211,260
	% of Female trainees	69.5%	29.1%	67.4%

Table 2: Administrative and Service delivery Complaints by thematic area in sam

ple Region GRM

Zone	Rural Land	Urban Land and Service Delivery	Service Delivery	Justice & Courts	Police & Community Policing	Civil Service-employment and Promotion	Safety Net	Small & Microenterprise	Trade, Marketing & Investment	Others	Total
West Gonder	227	145	212	22	23	40	-	110	35	791	1,605
North Gonder	801	677	495	411	48	532	946	479	86	1,762	6,242
Central Gonder	121	49	27	25	28	369	0	9	4	28	660
South Gonder	635	678	281	75	43	67	41	142	71	309	2,327
North Wello	1,754	992	949	77	26	393	1,239	170	26	349	5,975
South Wello	1,200	701	602	187	133	105	888	233	185	662	4,896
Wag Himra	425	1,095	5,699	97	31	41	1,026	281	43	1,251	9,989
Oromo Zone	1,767	329	683	23	12	77	126	1	47	104	3,169
North Showa	7,110	1,577	9,420	1,088	372	145	1,377	1,066	735	5,027	27,917
East Gojam	229	429	84	6	9	39	4	26	26	88	940
West Gojam	491	552	244	12	1	54	-	22	26	141	1,543
Awi	530	659	322	48	52	83	-	197	108	250	2,249
Dessie Town	12	232	280	3	-	4	29	170	34	51	815
Gonder Town	21	537	226	2	3	53	-	175	8	63	1,088
Bahirdar Town	93	396	34	189	41	37	40	63	211	196	1,300

Zone	Rural Land	Urban Land and Service Delivery	Service Delivery	Justice & Courts	Police & Community Policing	Civil Service-employment and Promotion	Safety Net	Small & Microenterprise	Trade, Marketing & Investment	Others	Total
Sub total	15,416	9,048	19,558	2,265	822	2,039	5,716	3,144	1,645	11,072	70,490
Regional	4	64	0	0	0	3	0	1	0	4	76
Total	15,420	9,112	19,558	2,265	822	2,042	5,716	3,145	1,645	11,076	70,801

Annex 7: Budget Line item for the reporting of expenditure under the General-purpose grant

ESIF Sub-Component			Total	Budget Codes				
#	Activity	Financing	FY20-24	Federal/ Regional	Public Body	Prog .	Agenc y	Comments
Results Area 1: Participatory Watershed Management								
1.1, 1.2, 1.5	Afar and Somali	Excluded	189.3	Regional	211			BoAs expenditures in Afar and Somali Regions
1.1, 1.2, 1.5	Development partner financed	Excluded	205.8	Federal	211			Including for RLLP and AGP-II
1.1, 1.2, 1.5	ESPES-financed	Excluded	260.2	Regional	211			20% BoA recurrent expenditures
3.2	MoA Extension Dir. Capital (may include construction)	Excluded	14.3	Federal	211	03	01	MoA Extension Dir: 5% capital expenditures
3.3	EIAR and RARI Capital (may include construction)	Excluded	29.1	Federal/ Regional	213/213	03/-	01/-	EIAR and RARI capital expenditures
1.1, 1.2, 1.5	BoAs Capital (may include irrigation)	Excluded	111.1	Regional	211			BoAs: 30% capital expenditures
1.1, 1.2, 1.5	Watershed development and management	Recurrent	632.2	Regional	211			BoAs: 56% recurrent expenditures
		Capital	-	Regional	211			-
		SPG	255.0	SPG	-	-	-	SPG
3.2	Building extension service capacity	Recurrent	0.4	Federal	211	02	04	MoA Extension Dir: 50% recurrent expenditures
		Capital	-	Federal	211	03	01	-
		SPG	12.5	SPG	-	-	-	SPG
3.3	Building research capacity for SLM	Recurrent	94.4	Regional	213			RARI recurrent expenditures
		Capital	-	Federal/ Regional	213/213	03/-	01/-	-
		SPG	12.5	SPG	-	-	-	SPG
3.1, 4.1, 4.2, 4.3	Policy, institutional, regulatory environment	Recurrent	62.2	Federal/ Regional	211	03/-	02/-	MoA NRMD: 33% recurrent expenditures, plus BoAs: 4.67% recurrent expenditures
		SPG	12.5	SPG	-	-	-	SPG
5.1, 5.2, 5.3, 6.4	Building the SLM knowledge base	Recurrent	62.2	Federal/ Regional	211	03/-	02/-	MoA NRMD: 33% recurrent expenditures, plus BoAs: 4.67% recurrent expenditures
		SPG	12.5	SPG	-	-	-	SPG
6.1, 6.2, 6.3	Management, monitoring and reporting of ESIF	Recurrent	62.2	Federal/ Regional	211	03/-	02/-	MoA NRMD: 33% recurrent expenditures, plus BoAs: 4.67% recurrent expenditures
		SPG	12.5	SPG	-	-	-	SPG
Sub-total			2040.9					
Sub-total after exclusions			1231.1					
Results Area 2: Rural Land Administration								
2.2-2.6	Afar and Somali	Excluded	2.6	Regional	219			BoLAUs expenditures in Afar and Somali
2.2-2.6	Development partner financed	Excluded	13.4	Federal	211			Including RLLP, REILA, LIFT
2.2-2.6	BoLAUs Capital (may include construction)	Excluded	6.0	Regional	219			BoLAUs: 20% capital expenditures
3.2	MoA Extension Dir. Capital (may include construction)	Excluded	16.5	Federal	211	03	01	MoA Extension Dir: 5% capital expenditures
2.2-2.6	Improving land tenure and administration	Recurrent	208.8	Regional	219			BoLAUs: 80% recurrent expenditures
		Capital	-	Regional	219			-
		SPG	145.0	SPG	-	-	-	SPG
3.2	Building extension service capacity	Recurrent	0.5	Federal	211	02	04	MoA Extension Dir: 50% recurrent expenditures
		Capital	-	Federal	211	03	01	-
		SPG	12.5	SPG	-	-	-	SPG
3.1, 4.1, 4.2, 4.3	Policy, institutional, regulatory environment	Recurrent	26.4	Federal/ Regional	213/219	09/-	01/-	MoA RLAUD: 50% recurrent expenditures, plus BoLAUs: 10% recurrent expenditures
		SPG	12.5	SPG	-	-	-	SPG
6.1, 6.2, 6.3	Management, monitoring and reporting of ESIF	Recurrent	26.4	Federal/ Regional	213/219	09/-	01/-	MoA RLAUD: 50% recurrent expenditures, plus BoLAUs: 10% recurrent expenditures
		SPG	12.5	SPG	-	-	-	SPG
Sub total			483.0					
Subtotal after exclusions			444.6					
Total			2523.9					
Total after exclusions			1675.7					

Annex 8: Applicable Procurement KPIs in Ethiopia public procurement system

KPI	Description	Performance Target
Improvement in Procurement Cycles time	It measures the improvement in average bid processing time from the preceding year and trend	Efficiency
Reduction in # of cancelled bids	It measures the improvement in the reduction to # of cancelled bids from the preceding year and trend	Efficiency and reliability of the system
Increase use of competitive procurement methods	It measures the increased share of procurement conducted through competitive procedure from preceding year and trend	Openness, fairness, cost
Increase average# of bids per tender	It measures the level of increase in competition from preceding year	Cost and reliability of the system
Improvement in realistic procurement plan	It measures the level of improvement in preparation and use of PP	Efficiency and reliability of the system
Increase in number of complaints resolved within the standard time frame	It measures the improvement in the procurement compliant handling system	Reliability of the system, Fairness and Accountability
Increase in the amount of procurement information provided to the public	It measures the improvement in the level of openness and transparency	Transparency and Accountability
Reduction in contract cost overrun	It measures contract management capacity	Cost
Reduction in contract time over run	It measures contract management capacity	Time
Reduction in poor quality fop contract deliverables	It measures procurement and contract management outcome	Quality

Annex 9: Persons met and discussed

Federal- MoA	
Tefera Tadesse	Director, NRM Directorate
Tigistu Gebremeskel	Director, RLAUD Directorate
Asfaw Bongor	Director Finance Directorate
Kelemwa Melaku	Finance Team Leader
Zerom Melaku	Sr. Accountant
Tenaye Leta	Sr. Accountant - IBEX
Kelemwa Cherinet	Sr. Accountant - Budget Control
Gizachew Asegid	Property Administration Team Leader
Azeb Worku	Director Internal Audit Directorate
Deagayehu Desso	Director, Procurement
Federal -EIAR	
Dr. Diriba Geleti	Deputy Director General
Nebiyu Temtime	Director, Finance & Procurement Directorate
Getahun Bogale	Senior Accountant
Biruk Kassa	Senior Budget Accountant
Kasahun Negash	Director, Internal Audit Directorate
Etetu Teklie	Property Registration & Returned Property Worker
Federal PPA	
Martha Liuwgi	Director General, PPA
Jonse Gedefa	Deputy Director General, PPA
Nebiu Kokeb	Director, PPA
Demessu Lemma	Director, EMCP at MoF
Tsegaye Abebe	Consultant, PPA
SNNPR, BoA & LAU	
Firew Desta	Representative from Land Administration
Dinku Dinba	Director, Finance & Procurement Directorate
Belaynesh Gebeyhu	Tem leader, finance case team
Masresha Getachew	Senior accountant
Sintayhu Getachew	Budget controller
Zerihun Firew	Director, Internal audit
Melese Hilu	Internal auditor

Getachew Alemu	Plan and budget expert
Dejene Mena	Property management officer
Biruke Amanuel	Property management officer
Seblework Yakob	Property management officer
SNNPR -RIAR	
Tamirat Tesema	Finance & Administration director
Bayreda Mussa	Finance & procurement coordinator
Ketema Teyeb	Senior accountant
Demelash Tadesse	Internal audit coordinator
Tesfaye Hamiso	Plan & budget coordinator
Tesfaye Arboto	HR coordinator
Tadesse Tena	Property management officer
SNNPR- Misrak Badawich WoFED	
Worknhe Esayas	Head, WoFED
Wondson Alemu	Finance and procurement coordinator
Dawit Welsado	Budget officer
Almneshe Teka	Accountant
Mitiku Ashe	Property management officer
Dekasa Abela	Internal auditor
SNNPR- WondoGenet WoFED	
Addisu Rago	Budget officer
Gosaye	Budget coordinator
Lentamo Lelamo	Internal auditor director
Habtamu	Accountant
Tamiru Yanche	Property management officer
Benshangul-G-RLAU	
Sentayhu Tadesse	Director, Land Administration
Asmamaw Meseret	Director, Plan & budget
Habtamu Habte	Finance team, coordinator
Hailu Habtu	Director, internal audit
Mohammed Juare	Property management, coordinator

Ali Mohammed	Property management officer
Benshangul-G- BoA	
Bekele Anbessa	Deputy Bureau Head
Abay Mulu	Director- Procurement & Property Administration
Mhired Mekonen	Director, Planning & Budget
Getachew Alemayhu	Director, Internal audit
Tariku Tekalegne	Director, Finance
Benshangul-G- Bambasie WoFED	
Zelege Mekuria	Coordinator, Plan and budget
Geremew Teferra	Coordinator, finance
Bukne Shiferaw	Accountant
Deresse Ali	Coordinator, Internal audit
Asnakech Teshome	Internal auditor
Temsgene Tefera	Procurement and property coordinator
Milkias Gebisso	Property management officer
Benshangul-G- Kumruk WoFED	
Asnake Fenta	Coordinator, Plan & budget
Yimam Shiferaw	Accountant
Tamirat Bedassa	Internal audit
Kebede Tolossa	Property management officer
Federal ATVET Coordiantion Office	
Getachew Demissie	Director
Kahssay Godify	Finance Team Leader
Habtamu W/Senbet	Budget Controller
Abay Rebu	HR Head
Asselefech Taddesse	Finance Officer
Alagie ATVET	
Dr. Kebede Beyecha	College Dean
Melaku Giorgis	Team Leader Property Administration
Misrrak Niguessie	Director of Finance and Budget

Kasech Andualem	IBEX reporting Officer
Embet Yigez	Head Internal Audit
Solomon Abera	Head HR
Amhara BoLAU	
Anteneh Dagne	Deputy Bureau Head
Melese Damtie	Deputy Bureau Head
Amelework Asekeke	Director HR Directorate
Aynabeba Engida	Acting Director Finance Directorate
Yedilawork Ayele	Acting Director Internal Audit Directorate
Fantish Negatu	Team Leader Finance
Desalegne Taye	Director Plan & Budget
Yirdaw Guday	Team Leader Procurement & Property Administration
Amhara RIAR	
Ermias Abate (Dr.)	Director General
Samuuel Yitbarek	Director Finance, Procurement & Property Administration
Tesfahun Getnet	Team Leader Finance
Yihene Tamru	Director HR Directorate
Ayalew Shitie	Team Leader Finance, Procurement & Property Admin.
Amhara Bureau of Agriculture	
Bosena Tegegne (Dr.)	Bureau Head
Markos Wondie	Deputy Bureau Head
Seleshi Muluneh	Director Finance, Procurement & Property Administration
Yishamu Yalew	Team Leader Finance
Ayehu Birhanu	Team Leader Procurement & Property Administration
Tadesse Alemu	Director Internal Audit
Tenaye Minale	Director HR
Yilmana Densa Woreda	
Addis Bayeh	Acting Bureau Head (Finance Officer)
Shitaye Demlew	Senior Accountant
Mengistu Getaneh	Director Internal Audit
Tewachew Mesfin	Internal Auditor
Tigist Girma	Senior Finance Officer (IBEX)

Tesfa Terefe	Team Leader Procurement & Property Administration
Assefa Eshet	Procurement Expert
Farta Woreda	
Atnafu Alemye	Office Head
Alemu Taye	Finance Team Leader
Agegne Tiruneh	Senior Finance Officer
Amsalu Fanta	Budget Expert
Araya Negash	Property Administration Head
Oromia Bureau of Agriculture	
Daba Debele	Bureau Head
Tefera Disassa	Deputy Bureau Head
Wkjira Oljira	HR Officer
Bekele Dilgasu	Director Internal Audit
Mengistu Jimma	Head Finance Unit
Dida Gelgel	Finance Officer
Tsehay Moges	Property Administration
A dugna Tolcha	Property Administration
Ormia BoLAU	
Zelalem Tesgera	Director Finance, Procurement & Property Administration
Abebech Asfaw	Finance Officer
Abebu Nefo	HR Head
Kebebeush Ayana	Budget Controller
Megersa Olana	Director Internal Audit
Oromia RIAR	
Dr. Assefa Taa	Deputy Director General
Samson Seboka	Director Internal Audit
Geshere Kelbesa	Team Leader Finance
Wogari Mulugeta	HR Head
Ayelech Kibebew	Director Finance, Procurement & Property Administration
Fanaye Balcha	IBEX Officer
Ketema Abera	Property Administration Fixed Assets

Tsedalech G/Michael	Stock controller
Ebise Tadesse	Property Administration Store Keeper
Ejere Woreda	
Tesfaye Gudeta	Finance & Budget Head
Morka Bacha	Finance Officer
Yigzaw Desalegne	Head Internal Audit
Temesgen Bekele	Internal Auditor
Eyerusalem Bekele	Property Administration
Tigist Fekadu	Property Administration
Aleltu Woreda	
Negash Bekele	Office Head
Abaynesh Gashahun	Finance & Budget Head
Tesfaye Asefa	Budget Officer
Sena Asefa	Internal Audit Acting Head
Atsede Getahun	Internal Auditor
Fikru Alemu	Internal Auditor
Gemechu Tefera	Procurement & Property Administration Head
Addisu Girma	Property Administration
Moges Assefa	Property Administration

Annex 10: Visited implementing entities

Federal level implementing entity	Regional ⁵ level Implementing entity	Woreda level implementing entity
-----------------------------------	---	----------------------------------

⁵ Excluding Afar and Somali regions and including Addis Ababa and Dire Dawa city administrations

Ministry of Agriculture (MoA) – Agricultural Extension Advisory & Training Directorate (AEAT); Natural Resource Management Directorate (NRMD), Rural Land Administration and Use Directorate (RLAUD), Agricultural Technical and Vocational Education Training Colleges (ATVETCs), Public Procurement Agency, Procurement Directorates in the visited regions	Bureaus of Agriculture (BoAs) Regional Procurement Regulatory Bodies	Woreda level WoFEDs
Ethiopian Institute of Agricultural Research (EIAR)- Management & Administration and Natural Resource Management Research Program	Regional ATVETCs	Woreda Level sector offices
	Bureau of Land Administration Use (BLAU's)	
	Regional Institutes of Agricultural Research (RIARs)	