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Addis Ababa City Public Expenditure Review

July 2010

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Executive Summary

Since 2003, following Addis Ababa City Government Revised Charter Proclamation, Addis Ababa has achieved significant decentralization of service delivery to sub-cities and *Kebeles*. Decentralization achievements at sub-city level is relatively strong while capacity problems still prevail at *Kebeles* to fully exercise decentralized service provision.

Revenue collection in Addis Ababa has significantly grown in the last five years in nominal terms, but it is still not in line with the city's trend in level of economic activity. Aggregate revenue outturns compared to original approved budgets are also low and volatile both at city and sub-city levels. The weak revenue outturn has resulted in high expenditure deviation between the budget and actual outlays. Although expenditure deviation at city level is still high, the deviation has been decreasing in recent years.

Generally, there is a capacity problem in the budget preparation at city level. Revenues are usually set ambitiously. With less than expected revenue outturns, disbursements by Bureau of Finance and Economic Development (BoFED) to capital projects in different bureaus of the city administration are usually below the approved budgets. As a result, project implementations are usually delayed and uncertainty and frustration in project implementing bodies is frequent.

During 2004/05 -2008/09, the city's total nominal revenue and grants has grown by an annual average rate of 21 percent. Total expenditure on the other hand has grown with an alarming average annual rate of 39 percent, mainly as a result of huge capital expenditure on housing development, which reached birr 1.5 billion in 2008/09. As a result, the city is continuously in overall budget deficit since 2006/07. In 2007/08 and 2008/09, the deficit has significantly widened and was financed by bond issued by the city administration worth birr1 billion in both years. Since the city administration's loan on bonds is used to finance outlays of housing construction which in the future would raise capital revenue from beneficiaries, the deficit is not expected to endanger the city government's financial capability to discharge its functions and obligations in the future.

The city's expenditure to a large extent (with few exceptions) reflects the city government's priorities stipulated in the city strategic plan. Road construction, housing development and water supply are the most important sectors given special priority in capital expenditure. Other priority sectors of the strategic plan including education and health services however are not fully reflected in the city's capital expenditure.

The trend in the city's pro-poor expenditure in proportion of total spending has increased through 2004/05-2008/09 because of the big capital outlays on housing development. The share of other pro-poor sectors including education and health is however declining. Among the pro-poor sectors, spending was quite low on public health. The share of spending on public health which was around 3% of the city's total spending in 2008/09 is less than one third of other regional states' average spending share in the sector. As a result of such low spending on health, public health service delivery of Addis Ababa is weak and has shown little improvement in the five years since 2004/05.

Service delivery outcomes in education on the other hand are mixed. Positive achievement is notable on secondary schools in which the number of government schools and students has increased significantly since 2004/05. In primary and junior schools however results are not as such significant. Although the number of government schools both at primary and secondary levels has significantly increased during 2004/05-2008/09, the number of students enrolled in government schools has declined slightly. This is the result of the city residents' preference to non-government schools which provide generally better quality education than government schools.

Outcomes on road and housing development are remarkable. An extensive construction of new roads and upgrading of the existing ones during 2004/05-2008/09 has brought considerable results both in length and quality measurements. Total length of road in the city has increased from 2200 km in 2004/05 to 2814 km in 2008/09. The city's housing problem is also being moderated slowly by the development of condominium houses. The city administration has constructed about 77,991 condominium houses during 2004/05 – 2008/09 and more than 60 % of the distributed houses given to women.

I. Background

This study on Addis Ababa is part of the national Public Expenditure Review (PFR-2010) study and the report is one of the four regional PER-2010 reports. The objective of the study is to review the institutional arrangements for managing public finances in Addis Ababa city administration, to assess the level, trend, and composition of public revenue, spending and financing as well as to review the planning and budgeting process. The study has also tried to evaluate the city administration's service delivery outcomes in education and health sectors as well as road and housing development which are the two most prioritized sectors in terms of their share from the total capital outlay.

The report has reviewed different studies, plans and performance reports of the various sectors in the city administration. The analysis is largely based on information and data obtained from different bureaus of the city administration especially Addis Ababa Bureau of Finance and Economic Development. The quantitative and qualitative information are collected by visits to relevant City Administration Bureaus and Federal Ministries.

II. Socio-Economic Profile of Addis Ababa

2.1 Demographic Structure

Addis Ababa, the capital of Ethiopia, is the industrial, commercial and cultural centre of the country. Being the seat of various regional and international institutions, it is an important political and diplomatic hub of Africa. With a population of more than 2.7 million (CSA 2008), Addis Ababa is the largest city in Ethiopia. According to the 2007 population and housing census of the Central Statistical Agency, the city accounts for 30% of the nation's urban population and is ethnically diverse. 52.4% of the population is female, a slightly higher rate than the national ratio (51%). Addis Ababa also has the highest number of female-headed households (38.5%) in Ethiopia.

Table 2.1. Addis Ababa population size by sub-city and gender (1994/2007)

City and Sub-city	Population	Population size 2007				
	Total	Total	Female	%	Male	%
Addis Ababa	2,100,031	2,738,248	1,433,730	52.4	1,304,51	47.6
Addis Ketema		255,092	130,351	51.1	124,741	48.9
Akaki		181,202	92,526	51.1	88,676	48.9
Arada		212,009	112,617	53.1	99,392	46.9
Bole		308,714	163,657	53.0	145,057	47.0
Gulele		267,381	138,142	51.7	129,239	48.3
Kirkos		220,991	117,677	53.3	103,314	46.8
Kolfe		428,654	221,148	51.6	207,506	48.4
Lideta		201,613	105,392	52.3	96,221	47.7

Yeka		346.484	185.004	53.4	161.48	46.6
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Source: CSA, Statistical Report of the 2007 Population and Housing Census Results.

2.2 Economic structure, income and poverty profile

According to BoFED's Addis Ababa City Gross Domestic Product (GDP) estimates, the city's economic activity is dominated by the services sector, which contributes to about 77 percent of the city's economy, followed by the industrial sector whose share in the economy is about 22 percent. Agriculture contributes to less than 1 percent of the city's output.

During 2004/05 – 08/09 the city's economy is estimated to have grown at annual average rate of about 8.6% in real terms (BoFED) bringing a real per capital income growth of about 6 percent. Gross value added at current prices is estimated to have reached birr 43.3 billion in 2008/9. The city's per capita income is approximately three times more than the national average and most economic and social indicators including education and health coverage, road network, water supply, etc are significantly better than the national average.

Around 36 percent of the city's population are living below the poverty-line and according to Addis Ababa City Administration strategic plan (BoFED 2008), out of the total economically active population of the city, about 61 percent is engaged in the informal sector. The high rate of population growth, uncontrolled horizontal expansion of the city's boundaries, and the proliferation of slums inside the inner city are contributing to the widening gap between the demand and supply of public goods and services. The housing conditions of the inner city are dominated by old and mostly congested neighborhoods that are largely made up of sub-standard rental dwellings with low level of access to major public services.

Despite its economic importance and contribution to the country, Addis Ababa faces various problems including high level of poverty, insufficient and poor quality infrastructure, insufficient public facilities, acute shortage and deteriorations of houses, poor sanitation, and unemployment. The provision of public infrastructure and services has lagged far behind the growing demand. The quality and availability of urban services and infrastructural facilities in the city are very low. Addressing these service demands would entail a huge sum of financial requirement and based on the city's MTEF (BoFED 2009) study, the city's annual expenditure requirement exceeds from the financial resource available by about 10 billion birr during 2009/10 to 2011/12. The resources available in the city are not sufficient to finance its expenditure requirement entailing budget allocation should only be in line with the development priorities of the city.

III. Overview on Fiscal Devolution

3.1 Legal, Policy and Constitutional framework

Since 2003, Addis Ababa is a self-administrated chartered city and to a large extent autonomous. The city charter of Addis Ababa lays out the constitutional procedures and structures. The city's main administrative organs are city, sub-city and *Kebele* administrations.

The majority political party or a coalition in the city council elects the Mayor and the Deputy Mayor, the members of the city court, and the general auditor. It also approves members of the city cabinet chosen by the Mayor that consists of the bureau heads representing the sector bureaus. The Mayor also chooses the city manager who executes municipal services such as housing and construction.

The city council is authorised to transfer tasks and decision-making authority to the sub-cities and *Kebeles*. The sub-cities and *Kebeles* are self-governed and are managed by sub-city councils and *Kebele* councils respectively which in turn elect Chief Executive Officers (CEOs) (comparable to local mayors). The councils are supported by standing committees (comparable to the city cabinet) and sub-city/*Kebele* managers. The CEOs are accountable to the Mayor as well as to the council which elected them.

The city administration is divided into two divisions: state and municipal functions. State functions are executed by the Bureaus of Capacity Building, Culture and Tourism, Education, Finance and Economic Development, Health, Information and Culture, Justice and Legal Affairs, Social and Civil Affairs, Trade and Industry Development, Women's Affairs, Works and Urban Development, and Youth and Sport. The Bureaus are managed by a Head of Bureau and correspond to the structures of the federal government. Together with the Mayor these Head of Bureaus constitute the Cabinet.

Municipal functions are administered by the Mayor who on his part mandates the city managers with their supervision. Municipal sectors are the City Roads Authority, Fire and Emergency Service, House Development Project Office, Housing Agency, Infrastructure and Construction Authority, Land Development and Administration, Residents Identification and Civil Status Documents Service, Sanitation, Beautification and Parks Development Agency, and Water and Sewage Authority.

Through the city charter and further federal laws, Addis Ababa City receives to a large extent fiscal sovereignty. Accordingly, the city is able to finance its expenditures itself through tax and non-tax revenues. Apart from revenues from the federal road fund which finances road maintenance, the city does not receive any federal aid and is not part of the financial equalisation scheme between the federal government and the regions.

3.2 Practice of fiscal devolution

The Addis Ababa City Administration is authorised to assess and collect tax on income from employment within the city (excluding employees of Oromia Region, of the Federal Government and Federal Public Enterprises); fix and collect land use fee, land rent and urban house tax; profit, excise and turnover taxes from individual businessmen; tax on income from rented houses and other properties; stamp duty on contracts and agreements; fees on license issued and services delivered; municipal taxes as well as capital gains tax on property in the city. It also has the right to receive value added tax collected by Federal Government from individual. Taxes and fees are collected at the sub-city level. The collected taxes and fees are however transferred to the central Addis Ababa BoFED account. As determined in the city budget, sub-cities receive an allocation of the collected funds and are free to decide on their priorities such as education or local development. As significant differences in revenue collection exist between the different sub-cities, a financial equalisation scheme is practised within Addis Ababa.

In the sub-cities and *Kebeles*, elected councils make the decisions regarding expenditure assignment. Through the *Kebele* councils, local people are encouraged to participate in the budget process. This devolution of decision-making power to the sub-cities and *Kebeles* was introduced in 2003 after the federal proclamation to re-organize the city and improve achievements of development objectives and good governance through decentralization of public services.

Despite significant achievements in decentralization of service delivery to sub-cities and *Kebeles* since 2003, capacity problems prevail especially at *Kebeles* to fully exercise decentralized service provision. Currently for example, *Kebeles* administer the construction of primary and secondary schools. In the health sector, on the other hand, *Kebeles* do not play an active role and health centers are still managed by sub-cities. Community participation in the budget process both at sub-cities and *Kebeles* is also generally low or non-existent.

Addis Ababa's fiscal devolution to sub-cities is reflected in expenditure at sub-city level in proportion to expenditure at city level. On average more than 60 percent of the city's current expenditure is spent at sub-cities. The share of sub-cities spending out of the total current

expenditure has grown during 2004/05-2008/09. The share of capital expenditure at sub-city level from the city's capital spending however has declined since 2005/06. This is because of increased spending in road and housing development whose activity is not decentralized to sub-cities.

Table 3.1 Share of sub-cities' expenditure from total city spending

	2004/05	2005/06	2006/07	2007/08	2008/09
Current exp.	54%	56%	70%	67%	61%
Capital exp.	27%	44%	17%	10%	14%

IV. Planning and Budgeting Process

4.1 City Development Strategy

The city administration had prepared a strategic plan in 2007 which was later improved by the newly elected administration in 2008. The plan is prepared for the years from 2008/09 to 2012/13. The development strategy is prepared based on the people's need, the country's plan for accelerated and sustainable development to end poverty (PASDEP), and the federal urban development and governance programme.

Based on consultations made with the community at different levels of administration and in different periods, the Addis Ababa city government has tried to evaluate the city's basic economic and social problems, service delivery gaps and identify priority sectors based on the needs of the society. Accordingly the administration has identified the priority sectors in capital project/program budget allocation to be housing, drinking water, road, small and micro enterprise development, health, education, solid waste management and local development. The specified priority area represent almost all of the major divisions of functional classification of sectors According to the strategic plan document, these sectors are given special emphasis in the preparation of the strategy.

Moreover, the development strategy specifies capacity building as the core operational area of the city administration. The city administration has about 35 thousand employees in all bureaus, sub-cities and other administrative bodies. The employees and the institutions being the major instruments of the city's public service delivery, are given due consideration in the strategic plan. Institutional transformation through appropriately decentralized institutional structure, capacity building and attitudinal change is believed key for improved service delivery by the city administration.

The strategic plan has set targets of achievement in different sectors. According to the city's medium term expenditure framework (BoFED, 2009) the general resource allocation and budgeting is guided by this strategic plan.

4.2 Budgeting process at city level

At city level, the Bureau of Finance and Economic Development (BoFED) prepares annual budget proposals and submits them to the city cabinet for approval after undertaking discussions with responsible bodies. Before 2008, the city administration used to prepare

budgets on an annual basis and transfer grants to the sub-cities in the form of both specific and general grants and to city bureaus only in the form of specific grant. Budgets were allocated using annual budgeting, which was made on incremental basis. The city administration with the objectives of linking budgets with city policies and planning, maintaining effectiveness and efficiency in budget utilization, ensure macro-economic stability and provide budget predictability to sectors, changed its budgeting into a multi-year budget framework and the first Medium Term Expenditure Framework (MTEF) was prepared in 2008. The city's budget for 2008/09 and subsequent years were prepared based on MTEF.

Annual plans are prepared based on the approved MTEF which has 3-year revolving projection. After the budget hearing, the budget is presented to the city cabinet and the city council respectively. The Mayor in accordance with the city cabinet allocates the budget to the different sectors and submits quarterly and annual reports to the city council. The different departments follow up the budget implementation with monthly performance reports and quarterly budget reports. Budget performance is also followed up by MoFED which receives quarterly financial performance reports from BoFED. In case of budget deficits the city administration has to borrow money from MoFED or other sources.

4.3 Planning and budgeting at sub-city level

The budgeting process at city-level is repeated at the sub-city level. Sub-cities prepare their own budget plans which are largely based on the city's strategic plan as well as *Kebele* budget plans. They are administered and implemented by the finance offices and must also be approved by the sub-city cabinet and council. The sub-city budgets are taken into consideration by BoFED which subsequently allocates grants to the sub-cities. While the sub-cities are, in theory, free to allocate the money they receive to *Kebeles* and sectors according to their priorities, they are still largely influenced by city priorities and receive budget ceilings from BoFED. If sub-cities are late with their budget planning, BoFED determines their budget for them.

Budget implementation is controlled by performance reports submitted by sub-city CEOs to the sub-city councils. Moreover, budget performance reports in the sectors are prepared three times a year together with semi-annual and annual internal audits. Budget deficit in financing a particular expenditure within one public body or sub-city is usually handled by budget transfer (which is possible for example from salary to other recurrent budget and from recurrent to capital budget). Budget deficits at sub-city level however cannot be addressed by the sub-cities themselves, but have to be met through requests to the city administration. Based on the request, the city cabinet may approve supplementary budget or transfer unused funds from other sub-cities.

There are regular meetings between the sub-cities and city administration to align planning. Sector offices also meet at the city level in order to exchange information and adjust annual plans and budgets. In terms of organisation, the different administrative levels are connected through the Integrated Budget and Expenditure (IBEX) system and sub-city offices receive support from BoFED in their policy formulation and capacity building trainings for their staff.

4.4 Participation and transparency in the budget process

Participation of residents in the budgeting process is encouraged and budgetary meetings are open to the population. The approved budget is published in a governmental newspaper, the Federal Negarit Gazeta as well as on the local radio (Addis FM). *Kebeles* play a major role in especially encouraging direct participation. This includes the preparation and submittal of budget plans to the sub-cities. People's Advisory Councils have been set up at *Kebele*, sub-city, and city levels. The councils deliberate on policies, strategies, and programmes. However, participation and decentralisation of power are not fully realised yet.

V. Overview of City Expenditure, Revenue and Financing.

5.1 Expenditure Structure

The city's expenditure trend shows that both recurrent and capital expenditures have generally increased in nominal terms though 2004/05-2008/09. The growth in capital expenditure is however much higher than the growth in current expenditure and is on average 2.3 times greater than current expenditure. Nominal expenditure per capita has also increased both in current and capital outlays.

Table 5.1 Addis Ababa city, trend in per capita expenditure

	2004/05	2005/06	2006/07	2007/08	2008/09
Per capita Total Expenditure	714.3	848.5	778.2	1436.9	2165.1
Recurrent	258.0	279.4	328.5	409.9	563.8
Capital	456.3	569.1	449.7	1027.0	1601.3

Addis Ababa has the highest per capita spending of all the regional states. In 2008/09, per capita total spending was more than 8 fold compared to other regions' average per capita. The share of capital expenditure from total spending is also the highest of all the regional states. In 2008/09, while other regions spent on average less than 21 percent of their expenditure on capital projects, Addis Ababa's capital outlay was 74 percent of its total expenditure. Since the city's overall per capita expenditure and the share of capital spending from total expenditure were the highest among all regional states, per capita capital expenditure in Addis Ababa is higher than other regions' average by a whopping 30 fold.

Table 5.2 Addis Ababa city per capita spending compared to other regions (2008/09).

	Per capita Expenditure (Birr)			Share of Capital Expenditure from total Spending (%)
	Recurrent	Capital	Total	
Addis Ababa	575.6	1,634.9	2,210.6	74.0%
Other Regions' Average	209.3	54.2	263.5	20.6%
<i>o/w Tigray</i>	286.7	70.0	356.7	19.6%
<i>Amhara</i>	221.5	42.1	263.6	16.0%
<i>Oromia</i>	206.4	50.8	257.2	19.8%
<i>SNNP</i>	161.0	45.2	206.3	21.9%
<i>Harari</i>	642.7	206.8	849.5	24.3%
<i>Dire Dawa</i>	529.6	277.6	807.2	34.4%

Addis Ababa's expenditure pattern to a large extent reflects the city government's priorities stipulated in the city strategic plan. Infrastructure development in road and housing development are the two most important sectors given special priority in expenditure. The two sectors together account 74 percent of the city's capital outlay in 2008/09. Water supply as a priority sector can be also clearly noted in its relatively high capital expenditure. Other priority sectors indicated in the strategic plan of the city including education and health services however seem to be less reflected in the city's capital expenditure.

The trend in the city's pro-poor expenditure in proportion to total spending has increased through 2004/05-2008/09. This is largely because of the big capital outlays on housing development which is meant to serve especially the housing needs of the city's low income households. There is however a great concern that such big expenditure may not actually be serving the poor, as targeting the benefit is usually difficult. Housing is a problem of not only the city's poor, but also of the middle and high income households. The way housing units are transferred to beneficiaries may not adequately allow targeting benefits to the poor.

On the other hand, expenditure on education and health evidently support the poor in the city. Currently middle and high income households of the city use to a large extent private (including community/public) schools and health services while government provided education and health services largely serve low income families.

Table 5.1 Trend in the proportion of pro-poor expenditure out of total spending

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Pro-poor expenditure¹ (%)						
Including housing dev't	69%	99%	57%	73%	115%	95%
Excluding housing dev't	41%	46%	29%	38%	43%	29%

Source: Computed based on data from AA bureau of Finance and Economic Development

If housing development is not taken to be categorically pro-poor, the expenditure trend on the other pro-poor sectors is declining in proportion to the overall spending.

¹ Current and capital expenditures on agriculture, water, education, health, social welfare and housing development.

Table 5.2 Summary of Addis Ababa city's expenditure

Expenditure category	2004/05	2005/06	2006/07	2007/08	2008/09
Recurrent Expenditure	677.7	749.3	899.4	1,146.0	1,609.3
General Services	198.5	265.2	306.6	350.0	816.6
Economic Services	233.1	129.5	253.2	347.1	149.2
<i>o/w</i> Agric & Natural Resource (water)	170.1	31.7	183.2	270.2	31.5
Urban dev't. & construction	33.5	74.9	29.6	52.0	65.5
Social Services	212.7	333.8	331.9	448.9	559.3
<i>o/w</i> Education & training	127.5	238.9	235.4	320.4	384.4
Public health	68.8	70.7	80.4	105.9	133.5
Others	33.4	20.8	7.8		84.2
Capital expenditure	1,198.6	1,526.4	1,231.5	2,871.2	4,570.9
Economic development	508.5	815.9	539.6	1,170.2	1,855.8
<i>o/w</i> Natural resources (water)	123.2	147.7	81.9	277.5	263.2
Road construction	160.3	623.0	429.5	840.8	1,379.8
Social development	594.4	666.9	575.3	1,651.9	2,099.3
<i>o/w</i> Education	25.2	96.0	26.0	17.9	37.2
Health	0.7	14.9	0.9	5.1	39.6
Urban dev't & housing	564.0	551.0	545.7	1,626.0	2,019.4
Social welfare	2.2	4.1	0.0	2.3	0.0
General development	95.6	43.6	116.5	49.0	615.8

Source: Ministry of Finance and Economic Development

5.2 Expenditure Outturn

The deviation between actual and budgeted expenditure at city level is generally high. Although, the expenditure deviation in both recurrent and capital outlays is high, the deviation is more pronounced in capital outlays. Low implementation capacity and budget constraint are acknowledged as factors for the high expenditure deviation in the city. According to Addis Ababa BoFED, lack of implementation capacity in different bureaus especially to execute capital projects is the major factor. Most of the city's implementing bureaus at different levels of administration however site budget constraint as the major cause for the low expenditure out-turn. Although expenditure deviation at city level is still high, the deviation has been decreasing in recent years.

Table 3.3 Expenditure outturn compared to original budget at city level

	2004/05	2005/06	2006/07	2007/08	2008/09
Total Expenditure	50%	62%	41%	61%	70%
Current	79%	87%	63%	73%	60%
capital	41%	54%	33%	57%	75%

Source: Addis Ababa Bureau of Finance & Economic Development

Aggregate expenditure outturn compared to original approved budget at sub-city level is also significantly low. It however is increasing as the capacity of sub-cities to execute projects is improving. In 2008/09 the average expenditure outturn of sub-cities was better than the expenditure outturn at city level.

Table 3.5 Aggregate Expenditure Outturn compared to original approved budget at sub-city level

Sub-cities	2004/05	2005/06	2006/07	2007/08	2008/09	PEFA
Addis Ketema	25.9%	60.4%	93.1%	72.8%	73.7%	D ²
Akaki	13.0%	90.8%	125.6%	87.8%	86.3%	D
Arada	33.7%	87.8%	96.6%	82.1%	76.6%	D
Bole	30.3%	80.0%	95.7%	58.9%	103.5%	D
Gulele	36.1%	56.5%	79.8%	88.2%	77.2%	D
Kirkos	31.2%	68.9%	107.5%	79.9%	107.3%	D
Kolfe	35.8%	61.2%	131.9%	113.7%	92.2%	D
Lideta	33.4%	73.3%	80.6%	68.9%	81.5%	D
Nefas Selk	20.8%	81.0%	109.2%	102.3%	102.7%	D
Yeka	29.8%	77.1%	110.7%	60.5%	69.0%	D

Source: Addis Ababa Bureau of Finance & Economic Development

5.3 Revenue Structure

The city's finance envelop is composed of own tax and non-tax revenue, foreign grants, road fund, federal ministries support directly to the respective sectors in the city (channel 2) and off-budget sources like NGOs. Data is available only on own revenue, external grants and transfers from road fund.

Over the period of 2004/05 – 2008/09, the city's nominal revenue is generally increasing year to year, except 2006/07 in which total revenue and grants declined as a result of weak performance in the collection of land lease fees. Tax is the major source of the city's revenue, contributing more than half of the city's income. Tax revenue has been growing in nominal terms in the review period except 2005/06 in which the instability in the city's administration before the '*care taker*' administration took control, resulted in a vacuum in tax administration and hence a lower performance in tax collection. Since 2006/07 however, tax collection has grown significantly in nominal terms and reached birr 2.3 billion in 2008/09 which is twice the amount collected in 2007/08.

² PEFA Rating D = In two or all of the last three years the actual expenditure deviate from budgeted expenditure by an amount equivalent to more than 15% of budgeted expenditure.

Table 3.1 Addis Ababa City Revenue (million Birr)

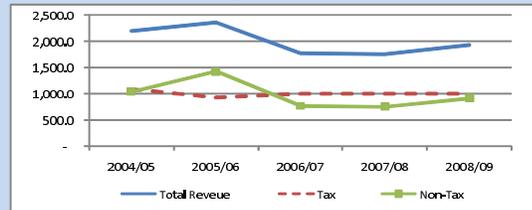
	2004/05	2005/06	2006/07	2007/08	2008/09
Total Income	1,976	2,678	2,425	3,008	3,740
Tax	1,056	1,111	1,232	1,665	2,318
Non-Tax Revenue	767	1,293	975	814	477
Capital Revenue	72	205	141	419	862
Road Fund	25	62	27	43	27
External Assistance	57	6	49	66	57

Source: Addis Ababa Bureau of Finance & Economic Development

Box 1. Trends in Real Revenue and Expenditure

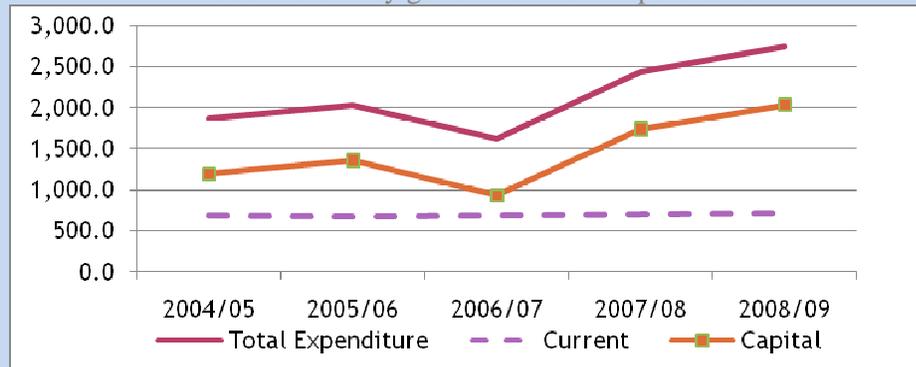
Although Addis Ababa city's revenue has an increasing trend during 2004/05 – 2008/09, the deflated values show that revenue has actually declined in real terms. The city's tax and non-tax revenues in nominal terms have grown up by 106% and 97% respectively during 2004/05 – 2008/09. In the same period, the country's general price level (as measured by CPI) has went up by 125% which is larger than the growth in nominal values of both tax and non-tax revenues. This indicates that the city's total revenue in real terms has actually been declining in the review period. This is even more peculiar when viewed in terms of the trend in the city's level of economic activity which is estimated to have grown on average by more than 8 percent per annum at constant prices.

Addis Ababa city revenue in real terms



On the same period, the city's real expenditure has shown a slightly growing trend especially in 2007/08 and 2008/09. The growth is however significantly lower than the growth in nominal expenditure. Current expenditure has stayed flat while capital expenditure grew after 2006/07. A growing total expenditure in real terms on the face of declining real revenue is explained by increasing deficit.

Addis Ababa city government real expenditure



5.4 Revenue Outturn

Despite increasing revenue in nominal terms, revenue outturn to budget in the city remains volatile and generally low. Aggregate city level budgeted revenue outturns between 2004/05 and 2008/09 are constantly below 50% (except for 2005/06 which was 77%). This shows poor planning capacity in revenue projection on one hand and weak implementation capacity in resource mobilization on the other.

Table 3.2 City level revenue outturn compared to original approved budget

	2004/05	2005/06	2006/07	2007/08	2008/09
Total Income	47.8%	77.0%	47.0%	47.2%	46.5%
Tax	71.6%	69.8%	82.9%	90.6%	114.1%
Direct	74.6%	85.7%	97.0%	118.0%	125.5%
Indirect	63.2%	41.3%	49.2%	34.3%	68.3%
Non-Tax Revenue	48.4%	88.5%	47.7%	44.4%	17.9%
Capital Revenue	9.5%	48.2%	10.8%	15.6%	25.8%

Source: Addis Ababa Bureau of Finance & Economic Development

Revenue out-turn compared to budget at sub-city level is also generally low though in the majority of sub-cities revenue outturn has been increasing. There continuously exist significant shortfalls in accurately forecasting revenue collection. In the most severe cases revenue targets are missed by more than 75%. This is the result of the deviation between projected and actual revenue at city level. Domestic resource projection of tax and non-tax revenues are prepared and budgeted at city level as a lump sum amount. Based on this projection, the Revenue Agency at city level allocates detail revenue projections by item among the sub-cities which finally become sub-cities' annual plan. This top-down revenue planning process gives little room to sub-cities to realistically project and budget revenues and is subject to city level ambitions. Average aggregate revenue out-turn of sub-cities is better than city level revenue out-turn.

Table 3.4 Aggregate Revenue Outturn compared to original approved budget at sub-city level

Sub-city	2004/05	2005/06	2006/07	2007/08	2008/09	PEFA Rating
Addis	66.0%	43.4%	47.3%	56.8%	97.1%	D ³
Akaki	80.6%	56.8%	54.7%	51.7%	23.4%	D
Arada	80.6%	61.8%	63.5%	70.9%	83.6%	D
Bole	70.5%	81.8%	73.0%	87.8%	45.5%	D
Gulele	70.7%	52.2%	50.8%	71.8%	48.8%	D
Kirkos	87.2%	79.5%	99.0%	84.5%	95.8%	D
Kolfe	43.8%	56.9%	55.7%	94.5%	72.7%	D
Lideta	72.5%	53.8%	70.4%	84.9%	133.1%	D
Nefas Selk	63.2%	64.4%	58.0%	84.6%	21.3%	D
Yeka	55.5%	67.3%	43.7%	61.8%	57.5%	D

Source: Addis Ababa Bureau of Finance & Economic Development

5.5 Expenditure Financing

During 2004/05 -2008/09, the city's total revenue and grants has grown by an annual average rate of 21 percent. During 2004/05- 2005/06 collected revenues and grants were more than capable of covering the city's overall expenditure. In the five years under review, total expenditure has grown with an alarming average annual rate of 39 percent. This was largely the result of huge capital expenditure on housing development which has reached birr 1.5 billion in 2008/09 from its level of only birr 268 million in 2004/05.

In 2006/07, Addis Ababa's total expenditure surpassed its income and since then, the city is continuously in overall budget deficit. The deficit in 2006/07 was relatively small and could be covered without additional loan for financing. In later years of 2007/08 and 2008/09 however, the deficit has significantly widened and has needed additional financing. The city administration for the first time, issued a short/medium term bond for financing this gap in 2007/08. This was made with the intention of using idle funds available in public enterprises. By special arrangements with the Commercial Bank of Ethiopia (CBE) and Ethiopian Telecommunications Corporation (ETC), the administration sold bond worth birr 1 billion both in 2007/08 and 2008/09. All of the city's bond in 2007/08 and a large size of the bond in 2008/09 was purchased by CBE.

³ PEFA Rating D = Actual domestic revenue collection was below 92% of budgeted domestic revenue estimates in two or all of the last three years.

According to Addis Ababa's city charter, "*The city government may borrow... from domestic sources ... but ... account should be taken of the non-endangerment of the country's macroeconomic stability as well as the city government's financial capability to discharge its functions and obligations both intermittently and perpetually.*" In view of the huge capital outlays for housing construction and its future ability in raising capital revenue (repayment of loans by beneficiaries), the city administrations' deficit financed by city-bonds can be considered justifiable and sustainable. The administration has in fact arranged house loan repayments to be directly collected by CBE and collections constitute repayment of the city's debt on bonds. Future outlays on housing construction are also planned to be based only on a revolving fund that is to be recovered by the initial payments of beneficiaries and CBE loan that would automatically be transferred as debt to individual beneficiaries. The actual cost of the city administration in housing development would only be overhead costs in managing the project and outlays on public infrastructure in the housing sites that is to be covered entirely by the administration. As a result, loan repayment has not been included in the city's subsequent years' budgets.

Table 5.2 Summary of Addis Ababa city's expenditure financing

	2004/05	2005/06	2006/07	2007/08	2008/09
Revenue and Grants	2,185.6	2,636.2	2,315.6	2,879.4	4,313.1
Total Expenditure	1,563.9	2,241.9	2,511.8	3,839.9	5,606.3
Recurrent Exp	260.9	360.1	221.9	323.6	609.5
Capital Exp	725.0	803.1	1,462.4	2,564.6	3,474.4
Treasury	668.2	796.7	1,454.3	2,564.6	3,419.1
Road Fund					33.7
External Grant	56.8	6.4	8.0	0.0	21.6
Budget transfer to Sub-cities	578.0	1,078.7	827.5	951.7	1,522.4
Recurrent Exp	311.4	454.6	518.1	668.2	949.3
Capital Exp	266.6	624.0	309.3	283.5	573.1
Budget Deficit	621.6	394.2	-196.2	-960.5	-1,293.2
Financing	-621.6	-394.2	196.2	960.5	1,293.2
Bond				1,000.0	1,000.0
Other (Residual/Float/Unfinanced gap)	-621.6	-394.2	196.2	-39.5	293.2

Source: Addis Ababa Bureau of Finance & Economic Development

VI. Institutional context of Decentralization and Service Delivery Outcomes in Selected Sectors

6.1. EDUCATION SECTOR:

Since 2005, budget decentralisation is practised in the education sector. Schools are organised as cost centres and each has its own annual and 3-year budget as well as a strategic plan. Budgets are then compiled by the sub-city bureaus and included in the sub-city budget. Based on their budgets, sub-cities request money from BoFED.

Recurrent costs are covered by the government whereas capital costs are covered by government and donor funding. There are three levels of expenditure management: the Education Bureau is responsible for managing technical and vocational schools and teachers training colleges. Elementary and high-schools are managed by sub-cities. The Education Bureau transfers funds to the sub-cities which then transfer funds directly to the schools (Channel 1A and 1B). *Kebeles* do not receive any funds. Donor funds (such as UNICEF, WB, and AfDB) are administrated by the federal government through MoFED and MoE and transferred directly to the sector office (Channel 2). The education budget is allocated to sub-cities based on unit cost approach.

6.1.1 Education sector budget formula /unit cost approach

For the allocation of recurrent budget to sub-cities, two recent consecutive years' average expenditure on education by all sub-cities is used. The unit cost for each sub-city is derived by dividing each sub-city's education expenditure by the number of students. The unit cost and the number of students expected to be enrolled are then used to determine sub-cities' recurrent expenditure on education by the following formula.

$$RB = [(E_S/N) + (E_O/N)] * S$$

Where:

RB = Total recurrent budget for the coming budget year;

S = Number of students expected to be enrolled in the coming budget year;

E_S = Average expenditure on salary in two recent consecutive years;

N = Average number of students in two recent consecutive years;

E_O = Average operating expenditure in two recent consecutive years;

Capital budget for education to sub-cities is allocated based on specific grant. In specific grant budget allocation, sub-cities' capital budget is determined by detailed discussion among

BOFED and respective city level and sub-city level bureaus/offices. The discussion is made to evaluate ongoing and proposed projects and to determine priorities. Construction of new schools constitutes the greater part the capital budget in education and its allocation is determined by a population-based needs assessment survey and student population numbers that is undertaken by the Education Bureau together with the sub-cities. Sub-cities' capital budgets on education are then determined by consensus on the objective of narrowing down the gap in basic service delivery among sub-cities.

6.1.2 Service Delivery in Education

The service provision in education sector in Addis Ababa have a mixed result when viewed from enrolment and quality indicators. Enrolment in both primary and secondary education has remained more or less the same during 2004/05-2008/09. Student–teacher ratios on the other hand have significantly improved in both primary and secondary schools. It may be partly unsuitable to evaluate the city's service delivery results based on such indicators of access and quality as there are a number of non-government schools in the city. For example, the number of non-government primary schools in 2008/09 was three times more than the number of government schools. The enrolment rates of Addis Ababa on the other hand represent students in both schools. The city has been supporting non-government schools particularly public schools in different ways including in the provision of training of teachers as well as capital subsidies to public schools for the construction of classrooms. The results represented by the general access and quality indicators however cannot be clearly attributed to the city's service delivery outcomes.

Although the city administration's contribution to the overall education level can fairly be recognized, the explicit results on education service provision to the community should only be viewed from government schools whose number has generally increased during 2004/05 - 2008/09. By the capital outlays on education, the city administration has been able to increase the number of government schools of different levels. This is particularly true for government high-schools whose number has more than doubled to reach 44 in 2008/09 from its level of only 21 schools in 2004/05. The number of primary and junior schools has also increased significantly in this period growing on an annual rate of 8 percent. On the other hand, there is little progress in government provided kindergartens in the city. Pre-school child development service is almost fully provided by the private sector.

Table 6.1 Major education indicators of Addis Ababa

	2004/05	2005/06	2006/07	2007/08	2008/09
Volume Indicators					
Enrollment at Primary (1-8)	502,965	487,157	508,354	521,506	509,890
Enrollment at secondary (9-10)	107,782	111,582	113,344	112,087	107,668
Quality Indicators					
Student-teacher ratio (Grade 1-8)	1:36	1:32	1:29	1:26	1:25
Student-teacher ratio (Grade 9-12)	1:39	1:39	1:31	1:27	1:23

Source: Addis Ababa Education Bureau

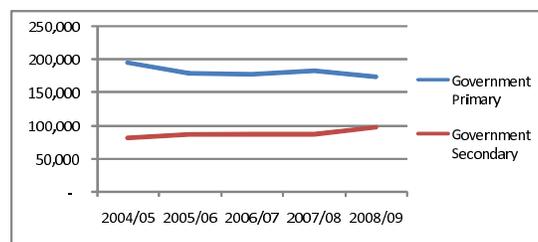
Table 6.2 Number of government schools in Addis Ababa

	2004/05	2005/06	2006/07	2007/08	2008/09
Kindergarten	6	6	6	6	6
Primary & Junior schools	161	166	177	214	218
Secondary schools	21	24	31	42	44

Source: Addis Ababa Education Bureau

Although the number of government schools both at primary and secondary levels has significantly grown during 2004/05-2008/09, the number of students enrolled in government schools has not increased. In fact the number of students in government primary and junior schools has declined in 2008/09 from its level in 2004/05. Residents have opted enrolling to non-government primary schools looking for better quality education. The number of students in government secondary schools on the other hand has increased, albeit at a lower rate than the growth in the number of schools.

Fig 6.1 Trend in enrolment in government schools: Addis Ababa



6.2 HEALTH SECTOR:

Like the education sector the health sector has undergone decentralisation since 2003. However, while the administrative structure has been decentralised, in actual policy implementation, the health bureau's budget and activity plans are based on the city's strategic plan. Even though the health bureau is considered to be the programme owner, it is given instructions on how to spend funds by BoFED.

Recurrent expenditure on health is funded by BoFED whereas programme activities (capital expenditure) are covered by BoFED and international donors (UNICEF, USAID, WHO). Funds for certain programme activities (e.g. UNICEF's vaccination programme), are channelled directly from the federal level (MoFED/ MoH – Channel 2) to the Health Bureau. In general, funds are released quarterly or as lump sum.

The Health bureau mainly interacts with BoFED directly through, for instance, financial activity reports. Sub-city and *Kebele* offices play only a minor role in the bureau's operations. When there is a budget deficit, one-time assistance from the federal Ministry of Health's internal resources may be requested.

Hospitals and health centres are designed as cost centre and implement health services. Addis Ababa has 5 hospitals, 26 health centres, and 7 health stations owned by the city administration as well as 5 federal and 32 private hospitals. In theory, hospitals and health centres are allowed to use their own revenues, but due to capacity problem in financial management it is not actually practiced. Hence, revenues are administered centrally by the Health Bureau. Overall, there exists a large capacity gap in the health sector: mid-level positions are filled 80-90% but only 30% of high-level positions (GPs and specialist physicians) in the public sector are occupied. Most high-level professionals work in the private sector as pay is up to five times higher.

Health centres and health stations are managed by sub-cities. For the allocation of recurrent budget to sub-cities, an approach similar to the education sector is followed where unit cost of each sub-city multiplied by estimated number of patients determines sub-cities' recurrent expenditure on health. Health capital budgets are also allocated to sub-cities in the same way as the education sector where infrastructure and service provision gaps among sub-sectors is taken into consideration and proposed projects of sub-cities evaluated by discussion. Discussions are made among representatives of sub-cities, but the decision is made by BoFED and approved by the city cabinet.

6.2.1 Service Delivery in Health

Although most of the indicators have shown improvements over the period 2004/05 -2008/09 (Table 6.3), the health services are still far from adequately addressing the majority's low income residents of the city. Government provided health services are still in deprived stage and have shown little improvement during 2004/05-2008/09. The number of clinics, health centres and health posts of the city administration has slightly declined (Table 6.3).

At less than 3 percent of the city's total expenditure in 2008/09, public health is one of the least prioritized sectors of the city administration in the review period. The sector's share from total expenditure is far below the 15% expenditure share for health agreed by African leaders in Abuja. It is also significantly low compared to the other regions average share of spending on health which is 11%. As a result, a great deal of the health service in the city is provided by the private sector. Due to the weak service in public health, even poor households of the city often use private sector health services.

Table 6.3 Trend in selected Health Indicators of Addis Ababa city

Health indicators	Unit	Annual Trend				
		2004/05	2005/06	2006/07	2007/08	2008/09
DPT3 immunization coverage	No.	43,616	45,995	44,618	49,799	52,160
	%	(70%)	(45%)	(43%)	(46%)	(84%)
Measles (immunization coverage)	No.	41,689	41,440	40,194	42,719	48,323
	%	(66%)	(41%)	(39%)	(40%)	(78%)
Antenatal care service coverage	No.	54,689	62,394	57,988	67,010	73,870
	%	(83%)	(59%)	(81%)	(91%)	(108%)
Postnatal health service coverage	No.	19,673	22,131	21,365	25,088	30,177
	%	(30%)	(21%)	(30%)	(34%)	(44%)
Hospital delivery service	No.	24,013	29,755	23,678	32,072	38,036
	%	(37%)	(28%)	(33%)	(44%)	(56%)
Family planning /CPR contraceptive	No.	183,063	438,607	468,020	353,652	298,938
	%	(20%)	(48%)	(48%)	(35%)	(33%)
Number of clinics (government)	No.	8	8	8	7	6
Number of health centers	No.	24	24	24	24	24
Health service coverage	%	29	29	28	28	36

Source: Addis Ababa Health Bureau

6.3 ROAD INFRASTRUCTURE

The vital role of road in overall development has fully been recognized by the administration. Accordingly, as a priority sector, capital outlay amounting to 3.3 billion birr has been spent on the construction of new roads and in upgrading the existing ones during 2004/05-2008/09 which is the second biggest outlay next to housing development. The result is also imposing in all measurements. The total length of road in the city has increased from 2200 km in 2005 to 2814 km in 2009. The proportion of asphalt roads from total road length has also improved to reach 45 percent from its level of 39 percent in 2004/05. The overall quality of roads has also improved significantly. From the total length of roads, roads with pedestrian walkway account for 14% which is an improvement from 12% in 2004/05. Road with drainage account for 58% of total road length in 2008/09, which is remarkably higher than its level of 37% in 2004/05.

Table 6.4 Trend in Addis Ababa city Road length

Road category/indicators	Unit	2004/05	2005/06	2006/07	2007/08	2008/09
Total Asphalt road length	Km	817	850	990	1049	1280
1. Principal arterial road	Km	336	352	477	512	652
2. Sub arterial road	Km	133	139	145	151	211
3. Collector road	Km	181	182	187	193	209
4. Local road	Km	167	177	181	193	208
Gravel road	Km	1383	1400	1453	1488	1534
Total Road length (A+B)	Km	2200	2250	2443	2537	2814
Sidewalk way	Km	264	285	307	319	387
Road length with drainage	Km	815	874	950	1556	1630

Source: Addis Ababa Road Authority

6.4 HOUSING DEVELOPMENT

Housing development is number one in the administrations' priority in terms of budget share from total capital budget. With the aim of reducing the housing problems of low & middle income societies of the city, the city administration has constructed about 77,991 condominium houses during 2004/05 – 2008/09. Of these, 52,928 houses have been distributed to users in the same period.

Addis Ababa's housing sector which is highly characterized by poor quality, massive shortages, as well as unplanned settlement is slowly improving with the development of condominium houses. Despite difficulties in targeting beneficiaries, it has solved the awful housing problems of large number of people of the city. Special privilege is given to females in the distribution of housing units by a guaranteed minimum number of houses allocated to women during distribution which is carried out by random draw. Targeting on the basis of gender is believed to have improved gender imbalance in wealth.

Table 6.5 Construction & Distribution of Condominium Houses in Addis Ababa city

	2004/05 – 2008/09
Number of condominium houses constructed	77,991
Number of houses distributed	52,928
- Female	32,230
- Male	20,698

VII. Findings and Challenges

A number of findings and lessons have emerged from this study. First revenue collection in real terms is not in line with the city's trend in level of economic activity. There is little knowledge on the city's revenue potential and efforts to reform and improve tax collection are lagging. Strengthening the revenue collection in the city should be given focus and priority.

In terms of spending priorities, a consistently more than 70% of the resources were spent on road construction and housing development. The share of poverty sectors (excluding housing development) has declined from 41% in 2003/04 to 29% in 2008/09. Targeting is not exercised on pro-poor expenditures except in limited instances in the provision of health service. Among the pro-poor sectors, priority in terms of spending was awfully low on public health. The share of spending on public health was less than one third of other regions' average. Such low spending in public health is the basis for weak public health service delivery in the city which has shown little improvement in the five years since 2004/05.

There is a major capacity problem in the budget preparation at city level. This is especially reflected by the inability to realistically project the city's revenue which is usually subject to the ambitions of BoFED officials and the cabinet. While the revenue potential of Addis Ababa is undoubtedly high and could even be greater than the originally budgeted revenues of the city administration for 2004/05- 2008/09, the objective conditions in the tax administration and the actions that are necessary to be taken are usually missed in revenue budgeting. This problem is clearly visible continuously in the city's low revenue outturns compared to original budgets in most of the revenue sources.

Low revenue outturns, on the other hand, are the grounds for the high expenditure deviation from the budget. In the mid and late periods of a fiscal year, as the actual revenue out-turns become apparent, it is a common practice in BoFED to select only limited projects that dreadfully need to be implemented. With limited financial resources, disbursement requests of budgeted ordinary projects, which are planned to start operation at later periods of the fiscal year are usually turn down by BoFED. In the worst cases, even ongoing projects are interrupted and transferred to the next budget year for implementation. This situation frustrates project implementing bodies and has created confusion and uncertainty in the planning and budgeting process at lower levels of the administration.

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Annex: Addis Ababa city and sub-city expenditure and financing summary

	2004/05	2005/06	2006/07	2007/08	2008/09
1. Total City Income	2,185.6	2,636.2	2,315.6	2,879.4	4,313.1
Current Revenue	2,078.5	2,609.1	2,280.4	2,879.4	4,291.7
Tax	1,084.5	1,029.7	1,302.9	1,637.8	2,234.3
Non-Tax	324.1	725.0	284.6	315.0	498.0
Capital Revenue	10.0	205.1	119.6	299.4	932.1
Municipal Revenue	659.9	649.3	573.2	627.1	600.3
<i>o/w water & sewerage service charge</i>	0.0	0.0	0.0	190.5	188.5
Community Contribution	30.0	0.0	0.0	0.0	1.5
Road Fund	20.3	20.7	27.2	0.0	27.0
External Grant	56.8	6.4	8.0	0.0	21.3
External Loan	0.0	0.0	0.0	0.0	0.0
2. Total Expenditure	1,564.0	2,241.9	2,511.8	3,839.9	5,606.3
Recurrent Expenditure	260.9	360.1	221.9	323.6	609.5
Salary	108.8	122.5	100.5	150.1	232.4
Operating Expenditure	152.2	237.6	121.5	173.5	377.1
Capital Expenditure	725.0	803.1	1,462.4	2,564.6	3,474.4
Treasury	668.2	796.7	1,454.3	2,564.6	3,419.1
Road	201.1	230.4	666.5	858.1	1,307.4
Education	0.0	0.6	0.0	1.0	2.2
Health	2.6	5.8	1.4	3.4	25.2
Water and Sewerage	93.6	76.5	40.0	140.1	280.3
Land Development					3.6
Sanitation and Park Dev't					3.9
Others	102.2	43.3	61.4	101.9	286.7
Housing Development	268.6	440.1	685.2	1,460.1	1,535.0
Road Fund					33.7
External Grant	56.8	6.4	8.0	0.0	21.6
External Loan	0.0	0.0	0.0	0.0	0.0
Sub-city expenditure	578.0	1,078.7	827.5	951.7	1,522.4
Recurrent Expenditure	311.4	454.6	518.1	668.2	949.3
Capital Expenditure	266.6	624.0	309.3	283.5	573.1
Education	6.7	6.1	5.0	8.7	13.7
Local Development	0.0	0.0	0.0	173.1	317.6
Land Development	27.7	76.3	37.5	38.1	26.8
Small and micro-enterprise Dev't	37.7	1.2	0.0	0.0	146.5
Health					14.9
Others	194.5	540.5	266.9	63.6	52.1
Comm. Contr. for capital outlays on Local Dev.	30.0	0.0	0.0	0.0	1.5
3. Budget Deficit	621.6	394.2	-196.2	-775.1	1,293.2
Financing	-621.6	-394.2	196.2	775.1	1,293.2
<i>Bond</i>				1,000.0	1,000.0
<i>Other (Residual/Float/Unfinanced gap)</i>	-621.6	-394.2	196.2	-224.9	293.2

Source: Addis Ababa Bureau of Finance and Economic Development.

Annex: Major education indicators of Addis Ababa for the year 2005 - 2009

No	Education indicators	Unit of measurement	Annual Trend				
			2004/05	2005/06	2006/07	2007/08	2008/09
1	Access indicators						
	Enrollment at Primary (1-8)	Number	502,965	487,157	508,354	521,506	509,890
	Enrollment at secondary (9-10)	Number	107,782	111,582	113,344	112,087	107,668
2	Quality indicators						
	- Teachers to student ratio at KG	Ratio	1:19	1:17	1:19	1:17	1:17
	- Teacher to student ratio at primary grade (1-8)	“	1:36	1:32	1:29	1:26	1:25
	- Teacher to student ratio at secondary (9-12)**	“	1:39	1:39	1:31	1:27	1:23
	- Dropout rates at primary (Grade 1-8)	“	3.1%	1.1%	0.9%	0.3%	-
3	Efficiency indicators						
	- Section to student ratio at primary	Ratio	1:58	1:56	1:43	1:43	1:43
	- Section to student ratio at secondary (Grade 9-10)	“	1:70	1:72	1:56	1:59	1:58
	- Total primary school dropout rate (Grade 1-8)	Rate	3.1 %	1.1%	0.9%	0.3%	-
	- Primary school dropout for girls rate (Grade 1-8)	“	2.7%	0.6%	0.2%	0.1%	-
	- Primary school repetition rate for girls (Grade 1-8)	“	4.2%	5.0%	2.1%	2.8%	-
	- Primary school text book student ratio	Ratio			1:1	1:1	1:1
	- Secondary school text book student ratio	Ratio			1:1	1:1	1:1
4	Number of schools (KG)						
	- Private	Numbers	260	400	507	737	751
	- Gov't	“	6	6	6	6	6
5	Number of primary schools						
	- Private	Numbers	92	202	239	355	393
	- Gov't	“	84	85	94	111	113
6	Number of Junior schools						
	- Private	Numbers	69	95	116	171	180
	- Gov't	“	77	81	83	103	105
7	Number of secondary schools						
	- Private	Numbers	26	37	54	63	68
	- Gov't	“	21	24	31	42	44
8	Colleges & Universities *** (under AAEB)						
	- Private *** Under MOED	Number					
	- Gov't *** Only KCTE	“				1	1

Source: Addis Ababa Education Bureau

Annex: Addis Ababa's major health indicators

No	Health indicators	Unit	Annual Trend				
			2004/05	2005/06	2006/07	2007/08	2008/09
1	DPT3 immunization coverage	No. %	43616 (70%)	45995 (45.4%)	44618 (42.8%)	49799 (46.4)	52160 (84%)
2	Measles (immunization coverage)	No. %	41689 (66%)	41440 (40.9%)	40194 (38.54%)	42719 (39.8%)	48323 (78%)
3	TT2 coverage pregnant	No. %	35588 (54.3%)	41159 (59.2)	-	-	3789 (71%)
4	TT2 coverage non pregnant	No. %	48368 (5.2%)	49728 (5.2%)	-	-	8644 (4.1%)
5	Antenatal care service coverage	No. %	54689 (83.4%)	62394 (58.8%)	57988 (81%)	67010 (91%)	73870 (108%)
6	Postnatal health service coverage	No. %	19673 (30.0%)	22131 (20.9%)	21365 (29.8%)	25088 (34.1)	30177 (44%)
7	Hospital delivery service	No. %	24013 (36.6%)	29755 (28%)	23678 (33.1%)	32072 (43.55%)	38036 (56%)
8	Family planning /CPR contraceptive	No. %	183,063 (19.7%)	438,607 (47.9%)	468020 (47.6%)	353,652 (35%)	298,938 (33%)
9	Doctors	No.	94	142	99	68	57
	- doctors to population	Ratio	1:3071	1:2094	1:2766	1:4110	1:5007
10	Nurses	No.	610	659	807	1366	733
	- Nurse to population ratio	Ratio	1:4733	1:4511	1:3393	1:2046	1:3894
11	Number of Hospitals	No.	05	05	05	05	05
12	Number of Hospital beds	No.	927	927	927	927	927
	- Hospital bed to population	Ratio	1:3114	1:3207	1:2954	1:3015	1:3079
13	Number of clinics	No.	8	8	8	7	6
14	Number of health posts	No.	35	35	35	35	34
15	Number of health centers	No.	24	24	24	24	24
	- Health service coverage	%	29	29	28	28	36
16	HIV prevalence	%	14.5	11.7	7.5	7.5	8.5

Source: Addis Ababa Health Bureau

N.B

* - Reliable information was not available

- DPT 3- a vaccine given for children under one year of age.
- TT2- a vaccine given for pregnant women (in our case) to care the mother and her newborn baby before and after birth.

