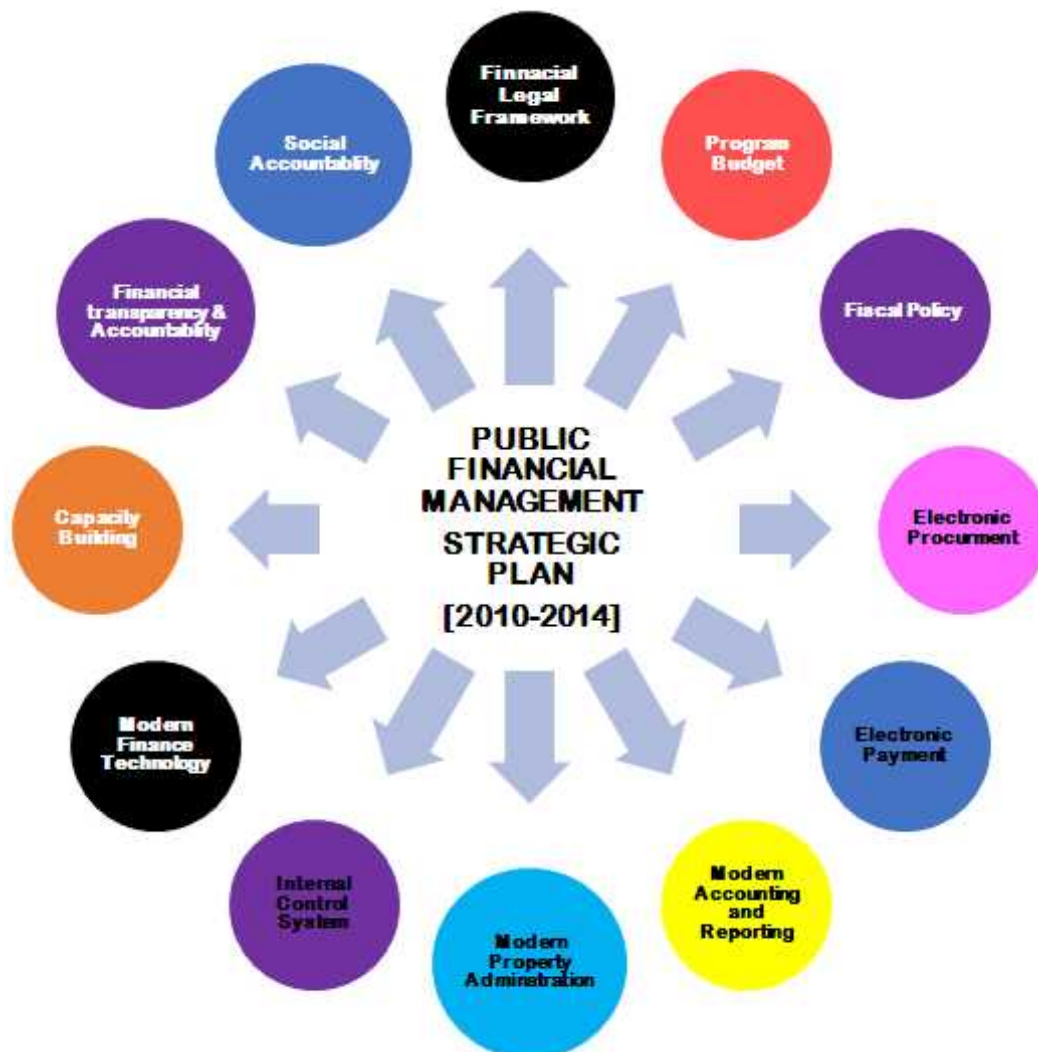




## Somali Regional State



Bureau of Finance & Economic Development  
Jigjiga / Ethiopia  
May 2019



**Somali Regional State  
Bureau of Finance & Economic Development**

**Public Financial Management Strategic Plan  
2010EFY-2014EFY**

May 2019  
Jigjiga / Ethiopia

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## Abbreviations and Acronyms

BI	Budget institution
BoFED	Bureau of Finance & Economic Development
CBE	Commercial Bank of Ethiopia
CBF	Committee for Budget and Finance
CHB	Complaints Hearing Board
CoA	Chart of Accounts
CSRP	Civil Service Reform Program
CTA	Central Treasury Account
EFY	Ethiopian Fiscal Year
EMCP	Expenditure Management and Control Program
ESPP	Electronic System for Public Procurement
ETB	Ethiopian Birr
FDRE	Federal Democratic Republic of Ethiopia
FMC	Financial Management and Control
FTAP	Financial Transparency and Accountability Program
GTP	Growth and Transformation Plan
HRM	Human Resource Management
IA	Internal Audit
IBEX	Integrated Budget and Expenditure
ICT	Information and communications technology
IMF	International Monetary Fund
IPS	Integrated Planning System
ISR	Implementation Status and Results
IT	Information Technology
M&E	Monitoring and Evaluation
MEFF	Macroeconomic and Fiscal Framework
MoFEC	Ministry of Finance & Economic Cooperation
MTBF	Medium-term budget framework
MTBP	Medium Term Budget Programme
MTEF	Medium-Term Expenditure Framework
NTR	Non-tax Revenue
PEFA	Public Expenditure and Financial Assessment
PFM	Public Financial Management
PI	Performance Indicator
PIC	Public internal control
PIFC	Public internal financial control
PSCAP	Public Sector Capacity Building Program
SRS	Somali Regional State
TIN	Taxpayer Identification Number
TIS	Treasury Information System

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## **Abbreviations and Acronyms**

TSA	Treasury Single Account
VAT	Value Added Tax
WB	World Bank
WoFED	Woreda Office of Finance and Economic Development

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## 1. Introduction

Sound economic governance is essential for the achievement of reduction poverty and improvement in economic growth for developing countries. Effective public expenditure and public financial management is important for the efficient and equitable utilization of scarce national resources.

The government's budget and strategic plan for public expenditure management plays a vital role in eliminating poverty. Over time, the government will use the budget to implement a range of measures to support economic development and improve the standard of living of people of the Somali Region. The Bureau of Finance and Economic Development of SRS plays the leading role in allocation and use the budget to strategically combine human, financial and material resources so as to successfully implement a series of long, medium and short-term development programmes and projects in the Region.

Before 1983 the Government Public Financial Management Program lacked complete legal framework, being disorganized, scattered and explicitly ineffective. As a result, there were significant gaps in managing and controlling the financial system. Hence, in order to ensure a new and improved financial management and controlling system that contributes to economic development efforts of the government, the Ministry of Finance and Economic Cooperation in collaboration with donors and development partners has been implementing different public financial management systems in the country and in all regions including Somali Region. On its part, Somali Region has been undertaking different public financial management reform programs in relation to the implementation of effective budgeting, establishment of a sound cash management system, modernizing of government accounting and reporting, the establishment of strong internal auditing, efficient procurement and property administration system, and the establishment of a modern financial information system that improves the public financial management of the Region. Despite these improvements, still more work remains to be undertaken in the future to ensure a clear and sound public financial management system. For this to be achieved, it is necessary to adopt a clear strategic implementation plan. Accordingly, a strategy with clear vision and objectives has to be

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prepared and implemented to effectively and efficiently manage the public finance of the region.

## **1.1. Strategic Issues**

### **1.1.1 Vision**

#### **A) Vision of SRS BoFED**

“Being a leading institution within the public service delivering effective public finance modernization and high-quality financial outcomes”

#### **B) Vision of the Strategy**

“Improved public financial management Somali Regional State where the Region plays a spearheading role in the operation Ethiopia’s financial management system”.

### **1.1.2 Mission**

#### **A) Mission of SRS BoFED**

- ✓ Institutional capacity building;
- ✓ Fiscal policy;
- ✓ Governmental finance management system;
- ✓ Attracting and managing foreign investment and the strengthening of partnerships with the private sector.

#### **B) Mission of the Strategy**

"To promote transparency, accountability and equity in SRS’s financial management system in a modern, effective, and efficient way."

## **1.2 Objective of the Strategy**

### **1.2.1 Major Objective**

The major objective of the Somali Regional State’s PFM Reform Strategy is to ensure efficient, effective and accountable use of public resources as a basis for economic development and poverty eradication through improved service delivery.



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### **1.2.2 Specific Objectives**

The strategy has the following specific objectives:

- ✓ Ensure effective and efficient budgeting system,
- ✓ To strengthen cash payment and cash management systems,
- ✓ To improve the government's financial accounting and report arrangements so as to meet international standards; support financial decision-making within the government; and strengthen the cross-government internal audit system,
- ✓ To ensure better and modern financial management information system,
- ✓ To make government finance management information more accessible so as to encourage greater transparency and accountability by government and increased participation from citizens,
- ✓ To have government procurement and asset management managed through more modern systems,
- ✓ To improve the capacity of the professionals who manage and oversee public finance processes,
- ✓ To improve the finance management system so as to meet the needs of different genders and other groups within society.

### **1.3 Definition of Public Finance Management**

The term 'government' or 'public finance management reform' has various meanings in different international institutions and countries. However, in the context of this strategic plan, it is taken to mean reforms to a range of government processes that have a relationship with aspects of fiscal policy, budget management, cash payments and management, debt management, accounting and reporting, internal audit, public asset management and related financial management functions.

### **1.4 Scope of the Strategy**

This strategy is intended to be implemented during the period 2010EFY-2014EFY. The main focus area of this strategy includes: fiscal policy, tax policy, programme budgeting, cash management and payments, debt management, public accounting and reporting, internal audit, procurement and asset management, financial information and monitoring systems and support to partnerships between government and the private sector.

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## 2. Public Financial Management Reforms early Intervention

Before 1983, the Ethiopian's public finance management system did not have a comprehensive legal framework. There were great problems and gaps in managing and controlling the public finance. As a result, in the year 1987, the Prime Minister's Office establishes a team which comprises higher officials, professionals and international consultants to undertake a study of the process of government expenditure management. This team engaged in a two-year study and identified the following key problems and challenges:

- ✓ Unclear legal instruments, formal regulations and administrative rules to govern the management of public finance;
- ✓ A lack of clear and uniform processes for the day-to-day management and supervision of government finances;
- ✓ A budget that was short-term in orientation not linked to broader strategic development planning and lacked a performance focus and which was being prepared without reference to a clear calendar;
- ✓ A cash management system characterised by uncertain cash availability to meet commitments, poor cash planning practices that did not take into account variation in monthly cash demand and the operation of numerous government bank accounts by different public agencies leading to idle cash and a lack of clarity regarding the government's overall cash position;
- ✓ A backlog of unaudited government accounts as a result of 2-5 year delays in the reviewing of financial statements by auditors; alongside the widespread use of simplistic single-entry accounting and poor understanding of non-cash-related financial transactions;
- ✓ Numerous shortcomings regarding the management of state assets, including no comprehensive register or inventory of public assets;
- ✓ Weak legal authority for the finance ministry to actively supervise the government's finance management system;
- ✓ A number of flaws in the management, recording and supervision of foreign loans and aid flows;
- ✓ Weak internal audit systems, with internal audit focused on authorising payments in advance, no clear boundary between internal audit and the finance ministry, and general low capacity in the internal audit system;.
- ✓ Lack of capacity within the external audit office to undertake its audit duties and a the absence of a procedure to systematically follow up on audit findings and recommendations;

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- ✓ Lack of skilled staff within the government's financial management unit and an absence of programs to proactively build capacity within the broader public accountancy and audit functions.

The study highlighted the need to modernise the role and functions of the civil service to support better public expenditure management and oversight. The necessary reforms to public expenditure management are currently being implemented through twelve different projects under Public Expenditure Management and Control Program. Overall, these projects have been implemented at federal government and all regions of the country including Somali Regional State for the past several years and they are supporting increased effectiveness, transparency and accountability within government finance management systems at federal and regional government levels throughout the country. The projects relate to improvements in the legal structures underpinning public finance, budget management, budget preparation, cash management and payment, government finance, internal audit, integrated finance information systems, government procurement system, government asset management, finance and audit professionalization, financial transparency and accountability and finally external audit reform. The reform program staffs and managers closely supervise these eleven reform projects and their respective outcomes will be discussed below in detail.

### **3. Public Financial Management Reforms in Somali Region and Major Achievements**

For the past several years, the Public Financial Management in Somali Regional state has undergone several reform programs such as accounts reform, cash management reform, budget reform, procurement reform, government property reform, financial information system reform. Major achievements of those reforms in improving the public financial management of the Somali Region were the following.

#### **3.1 Financial Legal Framework**

Federal Government has a legal framework within which the PFM system operates as requirements for effective PFM. Financial laws, regulations and operational procedures are the main legislations required for effective PFM system.

Regional Legal framework for PFM is based on the Federal Government legal framework for PFM with the exception of the customization of legal

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documents to local Context. The following are the main PFM Legal documents available in the region and ensured to be exercised accordingly. Annual Budget Proclamations including Supplementary budget Proclamations have been being printed and circulated on time. New budget preparation guideline is available and exercised at all levels. Financial calendar exists and adhered to a fixed budget calendar in the Region. Financial Administration Proclamation, its accompanying Regulation and 13 Directives are available and institutionalized at all levels.

Public Procurement and Property Administration Proclamation and its accompanying Directives and Manuals have been updated and customized. Fixed Asset and Stock Management Manuals have been legalized and practiced at all levels. Single Treasury and pool system are operated at woreda and City Administrations and internal audit manual has been customized.

### **3.2 Medium-term Fiscal Framework and Program Budget**

#### **3.2.1. Public Revenue and Expenditure Improvement Plan**

The fiscal policy of the Somali Regional State has been aimed at generating maximum revenue potential in the region to cover the required expenditure to support and attain fast, sustainable, broad-based and equitable development in the Region. Accordingly, the revenue of the Region collected has made tremendous increment over the period (2003 to 2007EFY). The regional revenue which was only Birr 203 Million in 2002EFY has reached to Birr 1.5 Billion in 2007 EFY, which shows an increase by more than 650%. Tax revenue increased at an annual average rate of 48.3 percent during the past five years, which is above the national level of 33 percent in annual average tax revenue increase of the same years. The primary factors for the remarkable improvement in the Regional domestic revenue are change in organizational structure to authority level, higher leadership commitment at all levels, higher staffing and human resource capacity development both by building the technical tax administration skills, and strengthening the integrity, motivation and commitment of tax officers and managers. Also the following Tax administration reforms have been improving over the past five years.

During the reporting period, Modern tax information system has been developed and implemented to improve efficiency, supply and usage of tax administration information system by using computerized data base. The system provided reliable and fast flow of information within and outside the

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authority, fast service delivery, controls tax evasion, create a dependable data base, and help for efficient and effective tax collection. To achieve these, the authority had developed and implemented two database software's, SIGTAS & SIRM data bases.

Under the current taxpayers' registration system, all taxpayers are expected to have Tax Identification Number (TIN). 10 TIN Registration Centers have been established and automated TIN system has been developed, deployed and supported by biometric finger print system at a Regional level. A total of 47,704 finger print information has been collected which is 159% of the planned 30,000 finger print information by 2007 EFY.

In the reporting period, additional 330 tax payers have introduced and used cash register machines in their business operations. This raises the total number of tax payers using cash registers to 504 who have now installed a total of cash register machines. To improve the effectiveness of the introduction of the cash register system, trainings and supports have been provided to various stakeholders. With regards to implementation of VAT tax Registration and Collection in the Region, 988 private businesses are registered for value added tax and currently collecting taxes on behalf of Somali regional state revenue authority.

From Government expenditure management side, more attention has been given by policy makers to proper administration of Budget allocation. However it is recognized that with the continuously growing size of the government budget, enhancing the efficiency and effectiveness as well as transparency and accountability of the public finance has far reaching implications on development and governance outcomes. Therefore, ensuring efficient and effective public finance utilization and eradicating corruption and reducing wastage of resources, prioritizing budget allocation towards development and proper management of public financial resources remain of highest priority and hence call for high level attention from policy makers. To this end, strengthening of public finance management, procurement and property administration and monitoring systems has been given utmost priority.

Over the last five years, (2003-2007EFY), the Somali Region Government expenditure has shown tremendous increment. In 2003 EFY, the total regional expenditure was Birr 2.6 Billion, which has increased to Birr 7.5 Billion in 2007 EFY showing 200% increment, in nominal terms, over the period. The largest share of the expenditure was on capital projects (on average 61% during the period) while the expenditure on basic sectors (Pro-poor sectors) was the largest, on average 60% of the total

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expenditure. The total expenditure on the basic service sectors, which was Birr 1.3 billion in 2003 EFY increased to Birr 4.6Billion in 2007EFY, an increase by more than 250%. The major assumptions that have been considered in allocating recurrent budget over the past years are the basis of the needs in terms of existing commitment on operationalizing services, which focuses on preceding years' budget performance outturn and estimation about expenditure needs of the following year service expansion. The allocation of Capital budget emphasized mainly on giving priority to water sector and rural roads, Moreover; the capital expenditure focuses on pro poor sectors of water, rural roads, education, health, agriculture and Irrigation as shown in the following figure. Figure four on the right helps us understand how the total expenditure of the Region for the 2003-2007 periods was divided between recurrent and capital expenditure types. As the pie-chart indicates, 61 percent of such expenditure went into Capital investments on development activities while the remaining 39 percent was spent as salaries, allowances and related costs.

### **3.2.2. Government Budget Preparation and Management**

Trainings and supports on budget preparation & management have been given to the Staff of the all budgetary institutions. A robust budget preparation process has been implemented by the region so far. Annual budget documentation (annual budget and budget supporting documents) has been prepared and informed to executives, the legislatives, to assist in budget decision making and transparency and accountability at all levels. Budget has been scrutinized on time by legislatives in recent years. Approved Budget has been notified to all levels on time.

### **3.3. Government Cash Management and Payment Systems**

The previous practice of cash transfers has been changed to Zero balance and Single Treasury Account method in 2001EFY, based on cash follow and on drawing limit at regional level. The Zero-balance method facilitates integration of government accounts by sweeping of overnight balances into single BoFED account at Commercial bank.

Central Treasury Account and the Z accounts constitute a Treasury Single Account (TSA) and its balances are calculated on a daily basis. Many inactive and unnecessary bank accounts are identified and closed. IBEX disbursement module is introduced in BoFED and disbursement handling steps is minimized and stream lined by the implementation of BPR.



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Currently, Salary payment of Government employees is carried out through Banks.

The Accounting system has been changed from the single entry to the modified cash basis double entry system. A new chart of account has been implemented for the accounting system.

Accounts reform manual and training modules are available for regional and Wereda levels. Training has been given for regional and sub-regional levels on the new system. Accounts backlogs are cleared and BoFED is able to produce a timely and accurate accounts reports. Use of computerized IT in PFM system has been used at all levels in the region. IBEX training center is functional within BOFED to support the implementation of IBEX and provide trainings concerning IBEX 1.3.to all levels and IBEX roll out is finalized at all levels.

### **3.4 Government Accounting and Reporting**

Reforms to government financial accounting and reporting have yielded the following results:

- ✓ Government finance procedures have moved from a single entry to a double entry approach to support more effective government financial decision making;
- ✓ A new self-accounting and reporting systems for government organizations has been designed and implemented;
- ✓ A revised government Chart of Accounts that accords with international standards (GFS-2001) has been developed and implemented;
- ✓ Government accounting is now better aligned with and supported by, government financial information systems;
- ✓ Auditing of outstanding annual government financial statements, closing a process that had been delayed by up to five years;
- ✓ Government finance management pool assessment technique implemented in districts.

### **3.5. Government Procurement and Asset Management**

The responsibility of procurement is largely devolved by sector bureaus, and also at woreda/cities level procurement activities are done in a pool system. The procurement Complaints Hearing Board has been established. Preparation of procurement plans and review and compile of procurement performance have been practiced in last five years. Bid

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announcement and publicizing award contracts have been exercised. Proper documentation and record keeping of Procurement documents have been maintained.

### **3.6. Internal Audit Reform**

The regional government has been committed to establish strict expenditure control mechanism including effective internal control. The internal audit system were organized for post auditing in order to strengthen control on the misuse of resources and save guard assets .External audit coverage has increased in recent years to 60 percent of public bodies and Woreda Audit committee has been established.

### **3.7. Financial Information Systems**

The results of information system reform include:

- ✓ Development and roll-out of the Budget Information System and other information systems relating to financial procedures, payment and reporting;
- ✓ Implementation of an integrated budget and expenditure system at regional, zonal and district level;
- ✓ An operation of an integrated finance management information system (IBEX) that uses functional modules and one charge of account module.

### **3.8. Transparency and accountability in financial management**

Somali BoFED ensured that Citizens' Awareness and Understanding on Resource information were improved as a result of resource posting at woreda and facility levels. It was ensured also that in budget literacy trainings, more citizens from woredas and community levels have got awareness and understanding on PFM issues.

A monthly Newsletter has been continued in issuing regional resources and FTA related information. Posters, Pamphlets, calendars and agendas on public resource awareness were printed and distributed at all levels. Banners printed and erected at market centres.



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#### **4. Developmental State and Public Financial Management**

The country's and/or region's success in delivering rapid economic development will be determined by the ability of the government and private sector to effectively fulfill their respective roles. To be successful, both parties must support each other. For some external observers, there is a tendency to contrast the performance of the public sector and the private sector and prefer one to the other. However, the experience of countries that moved quickly out of poverty shows that the role of government in supporting economic growth is critical for delivering rapid and effective development results. Many developing-countries' governments across the world wish to be considered as 'developmental states', following on from the examples of successfully East Asian countries such as Korea and Taiwan. It is widely recognized that the economic development model pursued by these countries moved their people out of poverty and into prosperity over a short period of time. While the private sector spearheaded industrial development, government and the public sector had a critical role in creating the environment in which rapid economic gains can be delivered. In general, a developmental state is different from other forms of governments in three ways. First, it considers economic development as an issue that directly determines the long-term sustainability of the nation as a whole, and as a result they actively work to put in place the conditions to move out of poverty. Second, the government supports and protects investors, free from the influence of specific political and ideological agendas. Third, in order to sustain the national development for the long-term, developmental states establish a national decision-making systems that puts considerations of national development above all others.

Ethiopia aims to adopt the characteristics of a developmental state outlined above; and add as a fourth characteristic the consolidation of democracy across the country. By doing this, the government aims to follow the path of other developmental states and move rapidly out of poverty and, in due course, to join the ranks of middle-income countries. As noted, in a developmental state, the government takes an active role in the economy. As a result, a significant volume of public resources must be budgeted so that government can finance the policies necessary to reduce market failures and to put in place the conditions for economic growth. This will require administering public resources with economy and efficiency. This requires, in turn, building the capacity of both government and private sectors to deliver their respective mandates.

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Over the past 15 years, the Ethiopian government as well as regional governments including Somali Regional State has made considerable works to deliver poverty alleviation efforts through focusing expenditure on delivery of basic services and infrastructures. Overall, the government's capacity to implement development programs has improved significantly over the last 15 years. More specifically, government has prioritized education, health, road infrastructure, access to clean water, supply of electricity, growth in agricultural productivity and expansion of industrialization so as to support high rates of economic growth.

#### **4.1. Improvements to government revenue performance**

Reforms to public financial management systems have not only focused on changes to expenditure practice. Reforms have also improved how governments at various levels raise revenue to finance their activities. Overall, this has been successful with significant increases in aggregate government revenue generation. More specifically, changes in tax policy have lowered tax rates across the board, broadened the tax base, and improving the mechanics of tax administration. However, despite these improvements there remain widespread capacity gaps in revenue administration processes. Addressing these capacity gaps will be a focus of forward looking reform efforts.

Domestically-generated tax revenue is the government's main source of finance, and as a result investments in tax policy and administration will remain a priority. However, tax policy has impacts beyond simply raising revenue. Indeed, tax policy can be used to pursue other government policy objectives. Governments routinely use tax policy to increase incentives to work, save and invest; to narrow income gaps; to direct investment towards desired areas of the economy; and also to control for unwanted side-effects of economic activity. Ethiopia aims to structure its tax system to achieve these wider benefits stemming from effective tax policy administration.

A number of tax policy reforms have been implemented over recent years to achieve these objectives. These reforms include:

- ✓ Making the export tax dependent income based on taxes of domestic consumption;
- ✓ Progressively shifting the tax burden from productive activity to consumption activity;
- ✓ Ensuring that the relatively wealthy pay a greater part of the tax burden than the relatively poor;

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- ✓ Broadening the tax base rather than raising tax rates as a means of generating additional revenue;
  - ✓ Improving oversight of the implementation of investment incentive tax agreements and actively evaluating of the impact of such agreements.

The government recognizes that effective tax policy must also be supported by effective tax administration. To support improved tax administration the government has undertaken the following reforms:

- ✓ Improving the process by which revisions to tax laws, rules and regulations are undertaken;
- ✓ Registering more tax payers;
- ✓ Using a system of 'presumptive taxation to ensure tax is collected;
- ✓ Implementing value added taxation (VAT) as a means of more fairly raising revenue;
- ✓ Investing in Ethiopian Revenue and Custom Authority's institutional development to make tax administration more modern and efficient in general;
- ✓ Educating tax payers on their responsibilities within the tax system.

These and other tax policy and administration improvement packages have been implemented across the country as well as in Somali Regional State. The federal and regional revenue collectors have also worked with tax payers directly to ensure that they can participate in the design, roll-out and implementation of tax administration reforms. In general, the tax improvement measures, aside from increasing government revenues, have also aimed at making it easier for citizens' to engage in formal economic activity, and to attract greater domestic and foreign investment. Administration reforms have also broadened the tax base, balanced the regional presence of tax administrators, reduced tax evasion and fraud, and begun the move towards a system of self-assessment of taxes.

#### **4.2. Administration and allocation of government expenditure**

Over the last several years, fiscal policy has not only emphasized increasing government revenue but also focused on ensuring that government revenue has been spent on pro poor developmental areas. This has meant that government spending has focused on activities that will facilitate economic development and provide basic services to reduce poverty. To enable this effective targeting of expenditure, government has invested in a range of reform efforts to make its own financial management more effective.

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### **4.3. Government strategy for economic development and poverty reduction**

Currently the federal as well as the regional government has working hard more than ever towards eradicating poverty and bringing a sustainable socio-economic development, building democratic society and establishing good governance which ensures fair distribution of resources and full participation and benefits of citizens.

During the past 15 years, the government has designed a number of economic development programs to help to lift the country out of poverty. Government undertook a range of investment and reform programs in key economic and social sectors. However, it was determined that these attempts were not moving fast enough to bring about sufficiently rapid and sustainable economic and social development. As a result, since 2001/2 the government has chosen to follow a developmental state-led model to eradicate poverty and speed up the economic growth over a compressed period of time. By aligning government economic policy with a developmental state approach to growth, a range of economic policies and strategies have been designed and implemented, of which the most important are:

- ✓ Rural development policy and strategies,
- ✓ Industrial development strategies,
- ✓ Strategies to support capacity building for better implementation and
- ✓ Building of a stronger democratic system in Ethiopia.

Basic documentation describing these policies and strategies have been prepared and distributed to citizens to inform the country more widely about the government's approach to economic and social trajectory. This has enabled both the government and citizens to have common understanding of the nation's development strategies as well as shared perspectives and understandings as to the way forward.

Following these government policies and strategies, consecutive poverty reduction programs have been implemented since 2002/03. The first sustainable development and poverty reduction program (SDPRP) was implemented from 2002/03 to 2004/05; followed by the accelerated and sustainable development to end poverty plan (PASDEP) from 2005-200/10, which was itself based on the evaluation results of the implementation of the first plan. The growth and transformation plans (GTPs) are currently under operation - GTP I and GTP II from 2010/11 to 2014/15 and from 2015/16 to 2019/20, respectively,

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The programs mentioned above were prepared with the participation of citizens at a number of levels: from local-level districts all the way up to the national level federal structures. The broader development stakeholders of the country were also involved in the creation of these strategies. Each transformation plan has taken the country's current conditions into consideration and put forward an evidence-based direction for national and regional economic and social development.

The second growth and transformation plan of Somali region has contained a range of targets aimed at generating economic and social development across the region. By doing this, it aims to contribute to the effort to raise Ethiopia to a middle-income country category in the next 10-15 years. The major goals of the current 5-year growth and transformation plan of the region are the following:

- ✓ To achieve the social sector goals of the SDG by ensuring access to, and the quality of, education and health services;
- ✓ To create a conducive environment for a sustainable and stable democratic developmental state; and
- ✓ To ensure sustainable growth by delivering the goals mentioned above within the context of a stable macroeconomic environment.

The plan includes strategies which will enable the region to deliver rapid, sustainable and broad-based economic growth.

#### **4.4 Expenditures focused on poverty reduction**

The government has made clear its ambitions to deliver a higher standard of living for all its citizens. For this goal to succeed, the government must ensure that it takes actions to reduce poverty, alongside delivering policies that deliver a conducive environment for private sector development. In this regard, the government's priority is agriculture, rural development and food security so as to target the majority of the population. As part of this effort, the Somali region government's expenditure on education, health and water services, alongside the construction of roads, has brought significant improvements to the living standards of people of the region. As a result, expenditure related to the boosting of citizen living standards and the expansion of basic services roads, education, health and water supply has increased dramatically.

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## **4.5 Making government expenditures cost effective**

During the past several years in Somali region a number of procedural improvements to support better expenditure administration were undertaken. This created a system that emphasizes modern, efficient and effective financial control by strengthening financial administration, monitoring and accountability. This has been delivered by recruiting trained personnel across sectors to administer public finance according to these new regulations.

## **4.6 Decentralized financial administration**

Over the past ten years, the regional government has significantly strengthened the decentralized financial system across the region. As a result, the regional government as well as the district and city administration government structures are working together to provide basic services to citizens based on their particular responsibilities for revenue and expenditure as set out in the Constitution.

## **5. Analysis of the internal and external factors that affect public financial management reform**

Bureau of finance and economic development of Somali Regional State has undertaken a substantial review exercise to systematically review the internal and external environment with regard to public finance reform in Somali Region. These have been reviewed across four categories: the internal strengths and weaknesses of the current PFM system and the external opportunities and risks with regard to PFM reform System. Collectively these will shape and affect the direction of public finance reform set out later in this document.

### **5.1. Internal factors relevant to government financial management reform**

#### **5.1.1. Strengths**

- ✓ The existence of complete and consistent financial and procurement & public asset laws, rules, regulations and manuals that set out clearly how government finance administration should operate,
- ✓ The successful shift from zero budgeting to line item budgeting approach;
- ✓ The preparation of a government cash plan and implementation of zero balance banking arrangement;

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- ✓ The shift in government accounting practice from single-entry approach to a cash-based and improved double-entry accounting system,
  - ✓ The change of internal auditing from a pre-audit to a post-audit approach and its implementation,
  - ✓ The establishment of auditing committees at Woreda level,
  - ✓ The implementation of a procurement system that emphasizes participation, transparency and accountability in a way that meets government's need regarding value for money;
  - ✓ Development and implementation of public asset registration, management and disposal system ;
  - ✓ The development and implementation of Integrated Budget and Expenditure Management System (IBEX) at regional and woreda levels ;
  - ✓ Effective use of various media channels that enable citizens to have an improved access to public financial information, and implementation of numerous financial transparency and accountability initiatives across all woredas in the Region,
  - ✓ Preparation and delivery of several training modules to build the capacity of public finance administration professionals,
  - ✓ Starting the provision of formal institutional training to professionals who are engaged in the implementation public financial management system to develop their knowledge.

#### **5.1.2. Weaknesses**

- ✓ The Continued challenge of rent-seeking behavior within government finance, procurement and asset administration,
- ✓ The inability to effectively implement entirely the existing proclamations, rules and regulations in government finance, procurement and asset administration,
- ✓ Lack of personnel equipped with sufficient knowledge, skills and experience for effective administration of government finance,
- ✓ Weak handling and use of analytical information required for effective fiscal policy making,
- ✓ Weakened accountability for performance in government budget entities due to formal performance agreements not yet being signed,
- ✓ Challenges in linking the evaluation of past program budgeting outcomes to the preparation of future program budgets,
- ✓ Lack of data base to support the preparation of project goals , objectives, outcome indicators,
- ✓ Lack of proper consideration of gender issues in program implementation procedures,



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- ✓ Continued challenges in delivering projects on time, on budget and at acceptable levels of quality due to poor project information management, monitoring and evaluation,
  - ✓ Delays and quality issues in the cash plans, programs, performance reports, cash needs and correction of account and audit findings of the budget entities,
  - ✓ Continued need for investment in information technology to support the internal auditing system and to support a move towards risk-based auditing,
  - ✓ Lack of institutional stability and the prevalence of high turnover of finance administration staff working in the Region at all levels,
  - ✓ Lack of independent review of the impacts that the government expenditure on programs have brought to date,
  - ✓ Lack of data base to control and manage trainings provided to the right person,
  - ✓ The challenges to conducting meaningful continuous discussions and joint-working with stakeholders on government financial management issues.

## **5.2. External factors relevant to government financial management reform**

In order to finance the region's development programs and ensure that the revenues collected are utilized according to the law and regulations, there are a range of external factors – political, economic, social, technological and legal – that may influence achieving successful public financial management. The following opportunities and threats are identified as being relevant to the successful achievement of the government's reform efforts:

### **5.2.1. Opportunities**

- ✓ Increasing levels of technical and financial support from MoFEC,
- ✓ Government commitment to further strengthening democracy and good governance across the Region,
- ✓ Continued expansion of higher education and the increasing number of graduates with the right skills for government finance administration,
- ✓ Ability to use a range of new reform instruments (e.g. business process re-engineering, balanced score card, citizens charter etc), to design and implement positive change in the Region,
- ✓ Continued progress in the development and implementation of decentralized government finance systems,



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- ✓ High government focus on poverty reduction in the design and implementation of education, health, water, rural roads and other infrastructures,

### **5.2.2. Threats**

- ✓ Possible political instability,
- ✓ Capacity limitations, particularly high turnover of professional staff, within key government institutions,
- ✓ Insufficient and low-quality infrastructure for government finance information systems at woreda and city administration levels,
- ✓ Structural imbalances between aggregate income and expenditure leading to recurrent financing gaps that prevent full implementation of the government's planned development programs,
- ✓ Unexpected natural disasters.

### **5.2.3. Enablers and Challenges**

Alongside the above analysis of strengths, weaknesses, opportunities and threats, BoFED has also reviewed the enablers and pains that will affect the delivery of the government's vision for reformed public financial management.

#### **5.2.3.1 Enablers**

- ✓ New information technology being adopted by commercial banks and other institutions will enable government to use these structures to improve the accuracy, timeliness and efficiency of its own financial administration,
- ✓ The implementation of existing policies, strategies, laws, rules and regulations will directly support the successful delivery of the future reforms set out in this strategy,
- ✓ Government staff is increasingly skilled and experienced in running government expenditure and monitoring improvement programs, raising the chances of success with the new strategy.

#### **5.2.3.2 Challenges**

- ✓ A gap in the quality and quantity of human resources needed to adapt and implement new practices and technologies that will be introduced as a result of this reform strategy,
- ✓ Low attention that the heads of government agencies give to the strategic reform of government financial administration.

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## **6. The focus areas and goals of the strategy**

Nine goals have been identified to structure the implementation of this reform strategy. Collectively, these will improve transparency and effectiveness in government finance administration over the medium-term. This reform strategy explicitly focuses on consolidating, strengthening and building on the success of improvements already delivered through past years' financial management reform plans. It intends that the new reform areas work hand in hand with the government's overall focus on sustainable and equitable economic growth.

It should be noted that this reform strategy relates to those institutions, agencies and organizations covered by the federal government budget. The duties of the Federal Auditor Office, the Ethiopian Accounting and Audit Board Office and other bodies that are outside the responsibility of MoFED are not included in this strategy. These institutions will carry out their own reform activities under separate legal mandates.

The goals set out in this strategy are those which solve challenges and problems in the delivery of: fiscal policy; the program budget; cash planning; payroll operations; loan management; procurement and asset management; government accounting and reporting; and internal audit performance. In each case, the reforms outlined aim to take the government financial administration system to a higher level of performance. Each goal contains the tasks expected to be implemented, as well as the outcomes to be delivered. Outcome indicators and relevant monitoring measures have been set to ensure that the overall goals are achieved. The goals of the reform strategy are presented below:

### **Goal 1- Balancing government revenues and expenditures over the medium-term**

#### **Major Tasks and Expected Outcomes under Goal 1**

##### **Major Tasks under Goal 1**

Task 1:-Improve the Macroeconomic Fiscal Framework (MEFF),

Task 2:- Analyze major fiscal risks to improve the range of mitigating solutions open to government,

Task 3:-Strengthen capacity to collect, consolidate and analyze government fiscal data,

Task 4:- Invest in staff professional capacity to deliver better tax policy

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Task 5:- Implement double taxation agreements that protect the interests of Somali Regional State,

Task 6:-Conduct studies and evaluations to better inform tax policy that promote and improve the tax base of the region

### **Expected Outcomes under Goal 1**

Outcome 1:-Improved Macroeconomic Fiscal Framework,

Outcome 2:-Major fiscal risks are analyzed; identified and possible remedial actions are agreed

Outcome 3:-Standardized system created for government revenue and expenditure information

Outcome 4:- Improved quality of tax policy and associated documentation

Outcome 5:-Signed agreements that improve Somali Region's double taxation position

Outcome 6:- Increased aggregate tax revenue

### **Goal 2 - Making cost effective budget allocations**

#### **Major Tasks and Expected Outcomes under Goal 2**

##### **Major Tasks under Goal 2**

Task 1:-Improve budget allocation utilization and monitoring and evaluation

Task 2:-Use modern technology to monitor program objectives, outcomes and indicators to support budget preparation and implementation

Task 3:-Improve accountability for results in major budget entities through performance agreements

Task 4:-Large proposed government projects are prioritized and incorporated in the budget on the basis of approved feasibility studies

Task 5:-Ensure that dedicated funds are included in the government's regional budget documentation

Task 6:-Establish a monitoring and evaluation systems to review effectiveness and efficiency of budget programs and projects

Task 7:- Implement the updated financial calendar based on a review of current practice.

### **Expected Outcomes under Goal 2**

Outcome 1:-Improved budget allocation utilization and monitoring and evaluation

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- Outcome 2:-An information system that identifies and captures program and project information within the budget
- Outcome 3:-Performance agreements signed with all relevant budget entities
- Outcome 4:-Projects are financed only on the basis of approved studies
- Outcome 5:-Dedicated funds are reflected in regional budget documentation
- Outcome 6:-Monitoring and evaluation system for programs and projects tested and established
- Outcome 7:-Financial timetable reviewed and improved and approved

**Goal 3 - Make government treasury, cash management and disbursement systems modern, efficient and cost effective**

**Major Tasks and Expected Outcomes under Goal 3**

**Major Tasks under Goal 3**

- Task 1:-Strengthen the existing cash management and payments system
- Task 2:-Improve regional petty cash management system
- Task 3:-Maintain debt management system
- Task 4:-Improve management of financial documents
- Task 5:- Undertake the implementation of treasury single account system
- Task 6:-Use electronic methods to make payments to the Commercial Bank of Ethiopia and to budget entities
- Task 7:-Use electronic methods to manage government cash planning, payment and reporting
- Task 8:-Agree a three-month cash planning and payment threshold with budget entities

**Expected Outcomes under Goal 3**

- Outcome 1:-Improved the existing cash management and payments system
- Outcome 2:-Enhanced regional petty cash management system
- Outcome 3:-Maintained debt management system
- Outcome 4:-Improved management of financial documents
- Outcome 5:-Treasury single account system implemented
- Outcome 6:-Electronic methods used to make payments to the Commercial Bank of Ethiopia and to budget entities
- Outcome 7:-Electronic methods used to manage government cash planning, payment and reporting

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Outcome 8:-Agreed a three-month cash planning and payment threshold with budget entities

#### **Goal 4 – Timely and accurate government accounting and reporting**

##### **Major Tasks and Expected Outcomes under Goal 4**

###### **Major Tasks under Goal 4**

Task 1:-Improve the accounting and reporting system of the region

Task 2:- Transform the public accounting and reporting system towards IPSAS standards

Task 3:- Enable electronic exchange of government accounting reports at all regional sector bureaus

Task 4:-Include specially-administered funds in annual government financial statements

Task 5:-Provide formal training and professional certification to government staff to build financial administration capacity

###### **Expected Outcomes under Goal 4**

Outcome 1:-Improved the accounting and reporting system of the region

Outcome 2:-Government financial statements and financial reports meet IPSAS standards

Outcome 3:-Government financial statements are delivered in a timely manner

Outcome 4:-Specially-administrated funds are included in annual government financial statements

Outcome 5:-Improved performance and professional capability of government accountants

#### **Goal 5 - Strengthen value for money by improving the internal audit and control system**

##### **Major Tasks and Expected Outcomes under Goal 5**

###### **Major Tasks under Goal 5**

Task 1:- Form audit committees in all regional budget entities to strengthen internal control system

Task 2:-Improve audit quality by creating a dedicated internal audit profession

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- Task 3:-Enhance the performance of auditors by providing formal certification training
- Task 4:-Undertake performance audit on government budget entities to ensure value of money
- Task 5:-Invest in information systems to support better audit practices
- Task 6:- Implement risk-based auditing methods to strengthen internal control
- Task 7:-Strengthen audit monitoring and evaluation systems

### **Expected Outcomes under Goal 5**

- Outcome 1:- Strong internal audit and control systems
- Outcome 2:- Higher quality internal audit reports
- Outcome 3:- Improved capacity of professional auditors
- Outcome 4:- Improved utilization of government resources
- Outcome 5:- Efficient internal audit system
- Outcome 6:- Strong internal audit and control systems
- Outcome 7:- Audit findings are used to strengthen monitoring and evaluation systems

## **Goal 6 - Modern government procurement and public asset management system**

### **Major Tasks and Expected Outcomes under Goal 6**

#### **Major Tasks under Goal 6**

- Task 1:-Establish government procurement system that is transparent, efficient and free from fraud
- Task 2:-Make government procurement information accessible to the public through different Medias
- Task 3:-Improve the management and utilization of government procurement and asset management Information
- Task 4:-Undertake procurement audits and procurement monitoring using standardized Key Procurement Indicators
- Task 5:- Raise the standard of government office property
- Task 6:- Evaluative the effectiveness and suitability of package procurement to increase economic advantage
- Task 7:- Establish effective systems for government vehicle fleet management and for large equipment management
- Task 8:- Establish a system to actively dispose or increase life time of surplus government assets

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Task 9:-Improve the performance of government procurement and asset management staff through professional training

### **Expected Outcomes under Goal 6**

Outcome 1:- Strong government procurement system that is transparent, efficient and free from fraud

Outcome 2:- Government procurement and asset management information is accessible to the public

Outcome 3:- Government procurement and asset management information is up to date

Outcome 4:- Government procurement systems are transparent and accountable

Outcome 5:- Government assets have been consistently procured at the same standard

Outcome 6:- Economic, effective and efficient package procurement are implemented within government

Outcome 7:- Effective systems for fleet management and large equipment management are implemented

Outcome 8:- Government gains revenue from disposal of surplus assets

Outcome 9:- Capacity of government procurement and asset management professionals is improved

### **Goal 7–Modern IT systems that support government financial administration**

#### **Major Tasks and Expected Outcomes under Goal 7**

##### **Major Tasks under Goal 7**

Task 1:- Organize training on use of financial information systems to government staff in all relevant budget entities

Task 2:- Develop additional government financial IT systems where necessary to support financial administration

Task 3:- Strengthen the operation of the data centre and improve government IT security protocols

Task 4:- Connect the remaining un-networked woredas to the Woreda-net system

##### **Expected Outcomes under Goal 7**

Outcome 1:- All relevant staffs are trained to use the appropriate financial information system

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Outcome 2:-Government finance administration systems effectively integrated to support financial decision-making  
Outcome 3:- Government financial IT systems have improved data storage and data security capacity  
Outcome 4:-All Woreda's connected to the Woreda-net system

**Goal 8 –Government financial administration that is participatory, transparent and accountable**

**Major Tasks and Expected Outcomes under Goal 8**

**Major Tasks under Goal 8**

Task 1:-Implement appropriate financial transparency and social accountability systems in all government offices  
Task 2:-Ensure that regional government offices provide public access to financial information and share this with local media  
Task 3:-Pro-actively publicize the audit reports of government development organizations and organizations financed from special funds  
Task 4:-Increase citizen participation in government capital investment development projects  
Task 5:-Evaluate and monitor the performance of financial transparency and social accountability systems  
Task 6:-Strengthen the linkage of citizen engagement projects (FTA, Social Accountability and GRM)

**Expected Outcomes under Goal 8**

Outcome 1:-Agreed financial transparency and social accountability systems are implemented and function effectively  
Outcome 2:-Government financial and procurement information is made public and disseminated through local media  
Outcome 3:-Audit reports are published for government development organizations and organizations financed through special funds  
Outcome 4:-Citizens participate in the planning and implementation of capital investment development projects  
Outcome 5:-Strong financial transparency and social accountability systems  
Outcome 6:-Improved linkage of citizen engagement projects (FTA, Social Accountability and GRM)



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## **Goal 9 –Greater capacity in government financial administration**

### **Major Tasks and Expected Outcomes under Goal 9**

#### **Major Tasks under Goal 9**

- Task 1:-Collect Customize and Update legal frameworks, manuals and associated training modules
- Task 2:- Improve financial administration staff capacity in all budget entities
- Task 3:- Implement PFM change tools to strengthen government finance administration
- Task 4:-Enhance the leadership of top and middle level leaders in financial administration to promote responsibility and accountability
- Task 5:-Improve the capability of government finance professionals by providing formal institutional training on government financial administration practices
- Task 6:-Organize Experience sharing tour on public financial management practices
- Task 7:-Establish and strengthen PFM institutional arrangements at all levels
- Task 8:- Conduct PFM Performance Evaluation
- Task 9:- Organize Regional PFM steering committee Review meeting
- Task 10:- Strengthen the PFM reward and penalty system to enhance accountability and motivate effort

#### **Expected Outcomes under Goal 9**

- Outcome 1:- Clear and strict discipline, incentive and sanction measures in public finance administration
- Outcome 2:- Increased financial administration capacity in all budget entities
- Outcome 3:-Strong government financial administration
- Outcome 4:-Government finance staff operates under conditions of incentives, sanctions and rewards that lead to strong professional discipline
- Outcome 5:-Increased numbers of government finance staff receiving externally recognized qualifications and certification in their field
- Outcome 6:-Public financial staff exposure to best practices on public financial management
- Outcome 7:-Strong PFM institutional arrangements at all levels
- Outcome 8:-Produce PFM Performance Report and Share with all stakeholders

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Outcome 9:- PFM Performance reviewed by stakeholders,  
Outcome 10:- Enhanced accountability and motivation to improve PFM system in the region.

## **7. Leadership and organization of the reform strategy**

### **7.1. Key principles in the leadership of the strategy**

- ✓ To ensure strategic leadership of the strategy, there will be a PFM Reform Strategy Coordination Team operating under channel-one programs coordination unit of BoFED,
- ✓ The PFM Reform Strategy Coordination Team will lead implementation of the strategy according to the detailed plan that will be prepared in partnership with relevant stakeholders and approved by the Bureau's higher officials,
- ✓ The Coordination Team will support, oversee and monitor the work of the various PFM technical committees and as required the work of external advisers,
- ✓ The Coordination Team will be responsible for coordinating the work of the technical committees described below, and for liaising with any relevant stakeholders to bring about the desired outcomes of the strategy,
- ✓ The overall Reform Strategy will be managed, monitored and evaluated by the Regional Steering Committee.

### **7.2. Institutional Organization of the Reform Strategy**

#### **7.2.1. Institutional Organization**

The BoFED of SRS recognizes the importance of effective institutional structures operating at different levels in order to successfully implement the Reform Strategy. The Implementation of the Strategy will take place through a hierarchy of different institutions allowing for a regional level strategic leadership group, a senior manager level Steering Committee, a coordinating Government Finance Administration Team, specific working level technical committees and a Coordinating Unit with day-to-day responsibility for planning and executing the strategy. The roles and responsibilities of these institutions are as follows:

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#### **7.2.1.1 Regional Steering Committee**

The Regional Steering committee will comprise the regional level leadership body that will oversee the overall strategic direction and impact of the Reform Strategy.

#### **7.2.1.2 Regional PFM Steering Committee**

The Regional PFM Steering Committee will comprise the top leadership of BoFED, members of the Government Finance Administration team, and heads of Woreda and City Administration Offices of Finance and Economic Development.

#### **7.2.1.3 Regional Government Finance Administration Team**

Government Finance Administration Team will consist of BoFED directors involved in the strategy and technical committee chairpersons.

#### **7.2.1.4 City Administration and Woreda PFM technical Team**

City Administration and Woreda Government Finance Administration Team will be led by woreda's and city administration's Finance and Economic Development Office Heads and other relevant units and programs heads.

### **7.2.2. Monitoring and Evaluation**

Concerning monitoring and evaluation tasks, the following schedule will apply:

- ✓ The Regional Steering Committee will meet every six months to consider overall strategic direction and progress of the Reform Strategy
- ✓ The PFM Steering Committee will hold consultative forums twice a year,
- ✓ The PFM Steering Committee will meet once a month, led by the BoFED deputy head of finance and in which the relevant directors will participate,
- ✓ Technical Committees, designated by BoFED , will meet each week,
- ✓ Project coordinators in the Coordination Unit will meet once a week, and meet with the Woredas and City administrations every six months regularly.

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Each institution will review their role in the Reform Strategy's progress, performance and work procedures, and set further directions as needed.

The Technical Committees of each project will have members drawn from MoBFD. Each Technical Committee will have four to six members. There will be four Technical Committees, as follows.

1. Program Budget Technical Committee
2. Treasury and Government Finance Technical Committee
3. Internal Audit Technical Committee
4. Government Procurement and Asset Management Technical Committee

### **Duty and Responsibility the technical committee**

The strategic goals that each technical committee should execute are as follows:

#### **A) Program budget technical committee**

- ✓ Ensure that budget allocation to regional , woreda and city administrations is entirely based on outcomes;
- ✓ Instill responsibility and accountability by building the program budgeting capacity of government offices;
- ✓ Develop and implement working procedures and systems that support transparency and accountability in government finance administration;
- ✓ Evaluate the government's budgeting / program budget system and, based on the outcome of the evaluation, take necessary improvement measures.

#### **B) Treasury and Government Finance Technical Committee**

- ✓ Improve government bank account administration by improving the government cash management system and moving towards fully automated payment methods;
- ✓ Implement a Treasury Single Account (TSA) cash management system;
- ✓ Establish an accounting and financial reporting system that enables government to better record and manage assets and liabilities
- ✓ Follow up and support the pool system that is being implemented at Woreda level.

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### **C) Audit Technical Committee**

- ✓ Implement software-supported audit approaches;
- ✓ Enable budget entities to implement operational risk audits;
- ✓ Support the continued institutional strengthening of audit committees at the regional, woreda and city administration levels;
- ✓ Give support to general strengthening of internal audit structures and organization throughout the region;
- ✓ Strengthen internal audit follow up processes and procedures

### **D) Government Procurement and Asset Management Technical Committee**

- ✓ Customize and implement rules that regulate and manage government procurement and asset management;
- ✓ Ensure that government procurement is supported with modern technology;
- ✓ Ensure that value for money in government procurement and asset management is prioritized;
- ✓ Ensure that government asset management, registration and utilization is managed through a modern system;
- ✓ Continued support to strengthen the government procurement and asset management practices,
- ✓ Improve the government asset disposal system.

### **E) Those led by their own project structural organization**

Specific projects dealing with: Integrated Finance Administration Information System (IFMIS); Finance Transparency and Accountability; Accounting and Audit Professionalization; and External Audit Improvement have their own structural organizations and will not form separate technical committees.

### **Composition of Technical Committee Members**

#### **A) Program budget technical committee**

- ✓ Director of Budget Preparation and Administration Directorate
- ✓ Two staff from the Budget Preparation and Administration Directorate
- ✓ Gender Affairs Directorate

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## **B) Treasury and Government Finance Technical Committee**

- ✓ Director of the Treasury Directorate
- ✓ Government Accounts Team Leader,
- ✓ Government Cash management Team Leader,
- ✓ Government disbursement Team Leader,

## **C) Internal Audit Technical Committee**

- ✓ Director of the Inspection Directorate
- ✓ Three team leaders from the Inspection Directorate

## **D) Government Procurement and Asset Administration Technical Committee**

- ✓ Director of the Government Procurement and asset management directorate,
- ✓ Team leader of the Government Procurement,
- ✓ Team leader of Public Property Administration;
- ✓ One additional staff member from Public Procurement and higher expert from Asset Management;

A higher expert from Public Expenditure Administration and Control Improvement is assigned to each technical committee as a secretary.

### **7.3. Budget requirement for implementing the strategy**

The budget required for implementing the Reform Strategy will be sourced from both government and development partners. The budget obtained from these sources will be used for the implementation of activities across the nine goals in Somali region. In some cases, expert study will be required prior to starting the implementation of the strategic goals. These studies will be conducted under the authority of the relevant Technical Committees. Where necessary, external advisers will be identified and a procurement plan will be developed for accessing their services. Sufficient budget will also be allotted for activities such as capacity building, facilitating discussions and holding workshops with various stakeholders as well as for the purchase of goods and services to meet other operational needs. Overall, for activities to be carried out from 2010 to 2014 around **Birr 189,319,000.00** (one hundred eighty nine million three hundred nineteen thousand Birr) is required.

## 7.4 Result Framework for the Strategic Plan

Strategic Goal and Tasks		UoM	Baseline	Target and Budget Required (In Thousand ETB)					Total Target and Budget	Responsible Body
				2010EFY	2011EFY	2012EFY	2013EFY	2014EFY		
<b>Goal-1</b>	<b>Balancing government revenues and expenditures over the medium-term</b>									
1.1	Improve the Macroeconomic Fiscal Framework (MEFF)									
1.1.1	Organize Training on Fiscal Policy Analysis for Experts	No				50	45	30	<b>125</b>	<i>Planning Budget and M&amp;E Directorate</i>
		ETB				200	180	175	<b>555</b>	
1.1.2	Improve the developmental Information System for Macroeconomic Fiscal Framework	No				1	1		<b>2</b>	<i>Planning Budget and M&amp;E Directorate and Regional Developmental Information and Population Affairs Directorate</i>
		ETB				55	55		<b>110</b>	

Strategic Goal and Tasks		UoM	Baseline	Target and Budget Required (In Thousand ETB)					Total Target and Budget	Responsible Body
				2010EFY	2011EFY	2012EFY	2013EFY	2014EFY		
1.1.3	Organize Training on Preparation and Utilization of Developmental Information for experts	No				15	10		<b>25</b>	Planning Budget and M&E Directorate and Regional Developmental Information and Population Affairs Directorate
		ETB				125	90		<b>215</b>	
1.2	Analyze major fiscal risks to improve the range of mitigating solutions open to government	No				1	1		<b>2</b>	Planning Budget and M&E Directorate
		ETB				125	125		<b>250</b>	
1.3	Strengthen capacity to collect, consolidate and analyze government fiscal data	No				1	1	1	<b>3</b>	Planning Budget and M&E Directorate
		ETB				250	250	250	<b>750</b>	
1.4	Invest in staff professional capacity to deliver better tax policy	No				6	6	6	<b>18</b>	Tax Policy Directorate
		ETB				260	260	260	<b>780</b>	
1.5	Implement double taxation agreements that protect the interests of the Somali Regional State	No				5	8	10	<b>23</b>	Tax Policy Directorate
		ETB				50	75	85	<b>210</b>	



Strategic Goal and Tasks		UoM	Baseline	Target and Budget Required (In Thousand ETB)					Total Target and Budget	Responsible Body
				2010EFY	2011EFY	2012EFY	2013EFY	2014EFY		
1.6	Conduct studies and evaluations to better inform tax policy that promote and improve the tax base of the region	No				5	4	3	12	Tax Policy Directorate
		ETB				5,000	4,000	3,000	12,000	
Goal 1 Total Budget		ETB		0	0	6,065	5,035	3,770	14,870	
Goal-2	Making cost effective budget allocation and utilization									
2.1	Improve budget allocation, utilization and monitoring and evaluation									
2.1.1	Conduct assessment on budget allocation, utilization and monitoring and evaluation to identify problems and gaps	No				1	1	1	3	Planning Budget and M&E Directorate and Channel-1 Coordination Unit
		ETB				200	200	200	600	
2.1.2	Conduct training to improve budget allocation utilization and monitoring and evaluation based on findings	No				150	100	75	325	Planning Budget and M&E Directorate
		ETB				250	200	150	600	
2.2	Use modern technology to monitor program objectives, outcomes and indicators to support program budget preparation and implementation									

Strategic Goal and Tasks		UoM	Baseline	Target and Budget Required (In Thousand ETB)					Total Target and Budget	Responsible Body
				2010EFY	2011EFY	2012EFY	2013EFY	2014EFY		
2.2.1	Prepare detail profile of project management	No				1			1	Planning Budget and M&E Directorate
		ETB				250			250	
2.2.2	Organize training on project profile management	No				10	6	5	21	Planning Budget and M&E Directorate
		ETB				250	200	150	600	
2.3	Improve accountability for results in major budget entities through performance agreements									
2.3.1	Organize experience sharing on performance agreements for results	No				4			4	Planning Budget and M&E Directorate
		ETB				75			75	
2.3.2	Undertake awareness creation for all regional level budget entities on performance agreements for results	No				52	52	52	156	Planning Budget and M&E Directorate
		ETB				200	200	200	600	
2.3.3	Implementing performance agreements for result with all regional level budget entities	No				52	52	52	156	Planning Budget and M&E Directorate
		ETB				40	40	40	120	

Strategic Goal and Tasks		UoM	Baseline	Target and Budget Required (In Thousand ETB)					Total Target and Budget	Responsible Body
				2010EFY	2011EFY	2012EFY	2013EFY	2014EFY		
2.4	Large proposed government projects are prioritized and incorporated in the budget on the basis of approved feasibility studies									
2.4.1	Organize training on project management for experts	No				6	6	6	18	Planning Budget and M&E Directorate
		ETB				200	200	200	600	
2.5	Ensure that dedicated funds are included in the government's regional budget documentation									
2.5.1	Customize formats to include dedicated funds in the government's regional budget documentation	No					1		1	Planning Budget and M&E Directorate
		ETB					200		200	
2.6	Establish a monitoring and evaluation systems to review effectiveness and efficiency of budget programs and projects	No				1			1	Planning Budget and M&E Directorate
		ETB				200			200	
2.7	Implement the updated financial calendar based on a review of current practice	No				1			1	Planning Budget and M&E Directorate
		ETB				200			200	

Strategic Goal and Tasks		UoM	Baseline	Target and Budget Required (In Thousand ETB)					Total Target and Budget	Responsible Body
				2010EFY	2011EFY	2012EFY	2013EFY	2014EFY		
Goal 2 Total Budget		ETB		0	0	2,115	1,240	1,090	4,445	
Goal-3	Make government treasury , cash management and disbursement systems modern, efficient and cost effective									
3.1	Strengthen the existing cash management and payments system									
3.1.1	Conduct refreshment training on cash flow forecast for experts	No				12		10	22	Treasury Directorate
		ETB				200		175	375	
3.1.2	Collect and consolidate quarterly regional cash flow and present to the government	No				4	4	4	12	Treasury Directorate
		ETB							0	
3.1.3	Conduct bank account inventory and update bank account management data base	No				1			1	Treasury Directorate
		ETB				150			150	
3.2	Improve regional petty cash management system									
3.2.1	Conduct rapid assessment to identify problems and gaps and prepare the recommendation document	No				1			1	Treasury Directorate
		ETB				100			100	

Strategic Goal and Tasks		UoM	Baseline	Target and Budget Required (In Thousand ETB)					Total Target and Budget	Responsible Body
				2010EFY	2011EFY	2012EFY	2013EFY	2014EFY		
3.2.2	Discuss on and approve the updated petty cash trash hold	No				1	1	1	3	Treasury Directorate
		ETB				50	50	50	150	
3.2.3	Organize awareness creation on the proper management of regional petty cash system	No				50		50	100	Treasury Directorate
		ETB				200		200	400	
3.3	Maintain debt management system									
3.3.1	Organize experience sharing to gain best practices of debt managements and documents	No				10			10	Treasury Directorate
		ETB				150			150	
3.3.2	Localize debt managements system and discuss with management committee for further input	No				12			12	Treasury Directorate
		ETB				50			50	
3.3.3	Organize training on debt management system for accountants	No				10		10	20	Treasury Directorate
		ETB				150		150	300	
3.3.4	Follow up and monitor the implementation of debt management system	No							0	Treasury Directorate
		ETB							0	
3.4	Improve management of financial documents									

Strategic Goal and Tasks		UoM	Baseline	Target and Budget Required (In Thousand ETB)					Total Target and Budget	Responsible Body
				2010EFY	2011EFY	2012EFY	2013EFY	2014EFY		
3.4.1	Strengthen the proper keeping and transfer of financial documents through on job training and technical support	No				52	50	49	151	Treasury Directorate
		ETB				250	500	500	1,250	
3.5	Undertake the implementation of treasury single account system									
3.5.1	Conduct training for experts on treasury single account system	No				15	10		25	Treasury Directorate
		ETB				180	150		330	
3.5.2	Undertake experience sharing to gain best practice	No					10		10	Treasury Directorate
		ETB					250		250	
3.5.3	Follow up and monitor the treasury single account system and provide technical support	No				52	50	46	148	Treasury Directorate
		ETB				280	550	500	1,330	
3.6	Use electronic methods to make payments to the Commercial Bank of Ethiopia and to budget entities	No					53		53	Treasury Directorate, Commercial Bank of Ethiopia and regional budget entities
		ETB					750		750	
3.7	Use electronic methods to manage government cash planning, payment and reporting	No					53		53	Treasury Directorate
		ETB					600		600	

Strategic Goal and Tasks		UoM	Baseline	Target and Budget Required (In Thousand ETB)					Total Target and Budget	Responsible Body
				2010EFY	2011EFY	2012EFY	2013EFY	2014EFY		
3.8	Agree a three-month cash planning and payment threshold with budget entities	No				53			53	Treasury Directorate and budget entities
		ETB				50			50	
Goal 3 Total Budget		ETB		0	0	1,760	2,800	1,525	6,085	
Goal-4	Timely and accurate government accounting and reporting									
4.1	Improve the accounting and reporting system of the region									
4.1.1	Undertake rapid assessment to identify problems and gaps of the accounting and reporting system of the region	No				1			1	Treasury Directorate
		ETB				250			250	
4.1.2	Discuss on findings of the assessment with stakeholders for appropriate solutions	No				1			1	Treasury Directorate
		ETB				75			75	
4.1.3	Conduct awareness creation on accounting and reporting system of the region for middle and higher government officials to maintain accountability	No				52			52	Treasury Directorate
		ETB				350			350	

Strategic Goal and Tasks		UoM	Baseline	Target and Budget Required (In Thousand ETB)					Total Target and Budget	Responsible Body
				2010EFY	2011EFY	2012EFY	2013EFY	2014EFY		
4.1.4	Organize training on improving the accounting and reporting system of the region for experts	No				52	56	43	151	Treasury Directorate
		ETB				380	1,500	1,200	3,080	
4.2	Transform the public accounting and reporting system towards IPSAS standards									
4.2.1	Organize training on IPSAS standardized public accounting and reporting system for accountants	No				52	56	43	151	Treasury Directorate
		ETB				380	1,580	1,270	3,230	
4.2.2	Undertake follow up and provide technical support on the implementation of IPSAS standardized public accounting and reporting system	No				52	56	43	151	Treasury Directorate
		ETB				75	650	450	1,175	
4.3	Enable electronic exchange of government accounting reports at all regional sector bureaus	No					32	20	52	Treasury Directorate
		ETB					100	85	185	
4.4	Include specially-administered funds in annual government financial statements	No					1		1	Treasury Directorate
		ETB					250		250	
4.5	Provide formal training and professional certification to government staff to build financial administration capacity	No				15	10	10	35	Treasury Directorate
		ETB				850	750	750	2,350	
Goal 4 Total Budget		ETB		0	0	2,360	4,830	3,755	10,945	



Strategic Goal and Tasks		UoM	Baseline	Target and Budget Required (In Thousand ETB)					Total Target and Budget	Responsible Body
				2010EFY	2011EFY	2012EFY	2013EFY	2014EFY		
<b>Goal-5</b>	<b>Strengthen value for money by improving the internal audit and control system</b>									
5.1	Form audit committees in all regional budget entities to strengthen internal control system									
5.1.1	Customize audit committee implementation guideline	No				1			1	Audit and Inspection Directorate
		ETB				120			120	
5.1.2	Organize audit committee at regional budget entities	No				52			52	Audit and Inspection Directorate
		ETB				280			280	
5.1.3	Conduct training on audit committee implementation guideline	No					150	110	260	Audit and Inspection Directorate
		ETB					350	270	620	
5.2	Improve audit quality by creating a dedicated internal audit profession									
5.2.1	Customize newly established internal audit professional level	No				1			1	Audit and Inspection Directorate
		ETB				100			100	

Strategic Goal and Tasks		UoM	Baseline	Target and Budget Required (In Thousand ETB)					Total Target and Budget	Responsible Body
				2010EFY	2011EFY	2012EFY	2013EFY	2014EFY		
5.2.2	Discuss and approve the newly established internal audit professional level with Civil Service and Human Resource Development Bureau	No				1			1	Audit and Inspection Directorate and Civil Service and Human Resource Development Bureau
		ETB				100			100	
5.2.3	Implement the newly established internal audit professional level with improved salary and benefits	No					1		1	Audit and Inspection Directorate
		ETB					1,000		1,000	
5.3	Enhance the performance of auditors by providing formal certification training									
5.3.1	Organize certified internal auditor (CIA) training to improve the performance internal auditors	No					30	22	52	Audit and Inspection Directorate
		ETB					950	850	1,800	
5.4	Undertake performance audit on government budget entities to ensure value of money									
5.4.1	Customize performance audit manual	No				1			1	Audit and Inspection Directorate
		ETB				145			145	

Strategic Goal and Tasks		UoM	Baseline	Target and Budget Required (In Thousand ETB)					Total Target and Budget	Responsible Body
				2010EFY	2011EFY	2012EFY	2013EFY	2014EFY		
5.4.2	Establish performance audit team at regional budget entities	No				52			<b>52</b>	<i>Audit and Inspection Directorate</i>
		ETB				150			<b>150</b>	
5.4.3	Conduct training on performance audit	No					156		<b>156</b>	<i>Audit and Inspection Directorate</i>
		ETB					550		<b>550</b>	
5.4.4	Follow up and monitor the implementation of performance audit	No					52	52	<b>104</b>	<i>Audit and Inspection Directorate</i>
		ETB					80	80	<b>160</b>	
5.5	Invest in information systems to support better audit practices									
5.5.1	Organize training on information systems to support better audit practices	No				30	22		<b>52</b>	<i>Audit and Inspection Directorate</i>
		ETB				400	350		<b>750</b>	
5.6	Implement risk-based auditing methods to strengthen internal control									
5.6.1	Customize risk-based auditing manual	No				1			<b>1</b>	<i>Audit and Inspection Directorate</i>
		ETB				130			<b>130</b>	
5.6.2	Organize training on risk-based audit manual for internal auditors	No				52	52	52	<b>156</b>	<i>Audit and Inspection Directorate</i>
		ETB				300	450	450	<b>1,200</b>	

Strategic Goal and Tasks		UoM	Baseline	Target and Budget Required (In Thousand ETB)					Total Target and Budget	Responsible Body
				2010EFY	2011EFY	2012EFY	2013EFY	2014EFY		
5.6.3	Ensure internal auditors prepare annual audit plan based on audit risks	No					75	75	150	Audit and Inspection Directorate
		ETB					50	50	100	
5.6.4	Ensure the Implementation the annual risk based audit plan	No					75	75	150	Audit and Inspection Directorate
		ETB					850	850	1,700	
5.7	Strengthen audit monitoring and evaluation systems									
5.7.1	Based on the structure fulfill the man power requirement	No				100	120	150	370	Audit and Inspection Directorate
		ETB				12,000	15,000	18,000	45,000	
5.7.2	Ensure the audit report preparation as per the manual through follow up and providing technical support	No				52	54	45	151	Audit and Inspection Directorate
		ETB				95	350	320	765	
5.7.3	Organize awareness creation on value and benefit of audit report for higher officials to maintain accountability	No				52	99		151	Audit and Inspection Directorate
		ETB				280	950		1,230	
5.7.4	Based on training need assessment organize relevant training to fill the gap	No						150	150	Audit and Inspection Directorate
		ETB						460	460	
Goal 5 Total Budget		ETB		0	0	14,100	20,930	21,330	56,360	
Goal-6	Modern government procurement and public asset management system									

Strategic Goal and Tasks		UoM	Baseline	Target and Budget Required (In Thousand ETB)					Total Target and Budget	Responsible Body
				2010EFY	2011EFY	2012EFY	2013EFY	2014EFY		
6.1	Establish government procurement system that is transparent, efficient and free from fraud									
6.1.1	Conduct rapid assessment on existing government procurement and property administration system to identify gaps and forward best solution	No				1			1	Government Procurement and Property Administration Directorate
		ETB				120			120	
6.1.2	Conduct consultative meeting with stockholders on how to improve the identified gaps	No				1			1	Government Procurement and Property Administration Directorate
		ETB				50			50	
6.1.3	Establish Government Procurement and Property Administration Agency	No				1			1	Government Procurement and Property Administration Directorate
		ETB				80			80	
6.2	Make government procurement information accessible to the public through different medias	No				1	1	1	3	Government Procurement and Property Administration Directorate
		ETB				50	50	50	150	

Strategic Goal and Tasks		UoM	Baseline	Target and Budget Required (In Thousand ETB)					Total Target and Budget	Responsible Body
				2010EFY	2011EFY	2012EFY	2013EFY	2014EFY		
6.3	Improve the management and utilization of government procurement and asset management Information									
6.3.1	Conduct awareness creation on government procurement and asset management for higher officials	No				52	53	46	<b>151</b>	Government Procurement and Property Administration Directorate
		ETB				200	450	400	<b>1,050</b>	
6.3.2	Organize training on government procurement and asset management Information for experts	No				52	53	46	<b>151</b>	Government Procurement and Property Administration Directorate
		ETB				200	550	450	<b>1,200</b>	
6.3.3	Conduct awareness creation on government procurement and asset management for business organizations	No					50		<b>50</b>	Government Procurement and Property Administration Directorate
		ETB					350		<b>350</b>	
6.4	Undertake procurement audits and procurement monitoring using standardized Key Procurement Indicators									

Strategic Goal and Tasks		UoM	Baseline	Target and Budget Required (In Thousand ETB)					Total Target and Budget	Responsible Body
				2010EFY	2011EFY	2012EFY	2013EFY	2014EFY		
6.4.1	Conduct training on procurement audits based on standardized Key Procurement Indicators for experts	No					52		<b>52</b>	Government Procurement and Property Administration Directorate
		ETB					400		<b>400</b>	
6.4.2	Undertake procurement audits and procurement monitoring using standardized Key Procurement Indicators on regional sector bureau	No					52	52	<b>104</b>	Government Procurement and Property Administration Directorate
		ETB					100	100	<b>200</b>	
6.5	Raise the standard of government office property									
6.5.1	Customize the standard of government office property	No					1		<b>1</b>	Government Procurement and Property Administration Directorate
		ETB					150		<b>150</b>	
6.5.2	Conduct awareness creation for stakeholders	No					85	75	<b>160</b>	Government Procurement and Property Administration Directorate
		ETB					160	145	<b>305</b>	

Strategic Goal and Tasks		UoM	Baseline	Target and Budget Required (In Thousand ETB)					Total Target and Budget	Responsible Body
				2010EFY	2011EFY	2012EFY	2013EFY	2014EFY		
6.6	Evaluative the effectiveness and suitability of package procurement to increase economic advantage	No				1			1	Government Procurement and Property Administration Directorate
		ETB				100			100	
6.7	Establish effective systems for government vehicle fleet management and for large equipment management									
6.7.1	Customize government vehicle fleet and large equipment management manuals	No				1			1	Government Procurement and Property Administration Directorate
		ETB				125			125	
6.7.2	Conduct awareness creation for government higher officials on government vehicle fleet and large equipment management	No				52			52	Government Procurement and Property Administration Directorate
		ETB				250			250	
6.7.3	Conduct training on government vehicle fleet and large equipment management manuals for experts	No					52		52	Government Procurement and Property Administration Directorate
		ETB					300		300	



Strategic Goal and Tasks		UoM	Baseline	Target and Budget Required (In Thousand ETB)					Total Target and Budget	Responsible Body
				2010EFY	2011EFY	2012EFY	2013EFY	2014EFY		
6.8	Establish a system to actively dispose or increase life time of surplus government assets									
6.8.1	Collect customize and distribute rules and regulations to actively dispose or increase life time of surplus government assets	No				1			1	Government Procurement and Property Administration Directorate
		ETB				150			150	
6.9	Improve the performance of government procurement and asset management staff through professional training									
6.9.1	Conduct training need assessment	No				1			1	Government Procurement and Property Administration Directorate
		ETB				100			100	
6.9.2	Based on training need assessment organize government procurement and asset management training for professional	No				104	100	98	302	Government Procurement and Property Administration Directorate
		ETB				250	560	500	1,310	
Goal 6 Total Budget		ETB		0	0	1,675	2,910	1,500	6,085	
Goal-7	Modern IT systems that support public financial management									

Strategic Goal and Tasks		UoM	Baseline	Target and Budget Required (In Thousand ETB)					Total Target and Budget	Responsible Body
				2010EFY	2011EFY	2012EFY	2013EFY	2014EFY		
7.1	Organize training on use of financial information systems to government staff in all relevant budget entities	No				104	106	92	302	IT Support Directorate
		ETB				500	1,200	1,000	2,700	
7.2	Develop additional government financial IT systems where necessary to support financial administration	No					1		1	IT Support Directorate
		ETB					250		250	
7.3	Strengthen the operation of the data centre and improve government IT security protocols	No				1			1	IT Support Directorate
		ETB				350			350	
7.4	Connect the remaining un-networked woredas to the Woreda-net system	No					25	20	45	IT Support Directorate
		ETB					1,500	1,200	2,700	
Goal 7 Total Budget		ETB		0	0	850	2,950	2,200	6,000	
Goal-8	Government financial management that is participatory, transparent and accountable									
8.1	Implement appropriate financial transparency and social accountability systems in all government offices									

Strategic Goal and Tasks		UoM	Baseline	Target and Budget Required (In Thousand ETB)					Total Target and Budget	Responsible Body
				2010EFY	2011EFY	2012EFY	2013EFY	2014EFY		
8.1.1	Conduct awareness creation on implementation of financial transparency and social accountability system	No				104	106	92	<b>302</b>	Channel-1 Coordination Unit FTA Team
		ETB				280	550	500	<b>1,330</b>	
8.1.2	Follow up and provide technical support on the implementation of financial transparency and social accountability system	No				52	53	46	<b>151</b>	Channel-1 Coordination Unit FTA Team
		ETB				85	250	200	<b>535</b>	
8.2	Ensure that regional government offices provide public access to financial information and share this with local media									
8.2.1	Ensure all government budget entities access financial information to the public through different media	No				52	53	46	<b>151</b>	Channel-1 Coordination Unit FTA Team
		ETB				185	450	400	<b>1,035</b>	
8.2.2	Conduct panel discussion on government development activities to increase citizen participation	No				1	1	1	<b>3</b>	Channel-1 Coordination Unit FTA Team
		ETB				120	120	120	<b>360</b>	
8.3	Pro-actively publicize the audit reports of government development organizations and organizations financed from special funds									

Strategic Goal and Tasks		UoM	Baseline	Target and Budget Required (In Thousand ETB)					Total Target and Budget	Responsible Body
				2010EFY	2011EFY	2012EFY	2013EFY	2014EFY		
8.3.1	Create awareness on how , when and benefit of audit report publicizing for higher and middle management officials	No					104		<b>104</b>	Channel-1 Coordination Unit FTA Team
		ETB					270		<b>270</b>	
8.4	Increase citizen participation in government capital investment development projects									
8.4.1	Conduct training on budget literacy for citizens	No				4,950	4,950	4,950	<b>14,850</b>	Channel-1 Coordination Unit FTA Team
		ETB				1,250	1,250	1,250	<b>3,750</b>	
8.4.2	Conduct campaign through different medias to increase citizens participations in government development projects	No				1	1	1	<b>3</b>	Channel-1 Coordination Unit FTA Team
		ETB				520	520	520	<b>1,560</b>	
8.5	Evaluate and monitor the performance of financial transparency and social accountability systems									
8.5.1	Conduct impact assessment of financial transparency and social accountability systems	No				1	1	1	<b>3</b>	Channel-1 Coordination Unit FTA Team
		ETB				230	230	230	<b>690</b>	
8.6	Strengthen the linkage of citizen engagement projects (FTA, Social Accountability and GRM)									

Strategic Goal and Tasks		UoM	Baseline	Target and Budget Required (In Thousand ETB)					Total Target and Budget	Responsible Body
				2010EFY	2011EFY	2012EFY	2013EFY	2014EFY		
8.6.1	Organize joint monitoring and evaluation of financial transparency and social accountability system	No				1	1	1	3	Channel-1 Coordination Unit FTA Team
		ETB				200	200	200	600	
8.6.2	Conduct consultative meeting with stockholders on how to improve the performance of financial transparency and social accountability systems	No					1		1	Channel-1 Coordination Unit FTA Team
		ETB					350		350	
Goal 8 Total Budget		ETB		0	0	2,870	4,190	3,420	10,480	
Goal-9	Greater capacity in government financial administration									
9.1	Collect Customize and Update legal frameworks, manuals and associated training modules									
9.1.1	Collect and customize new and updated financial manuals (Single treasury account program budgeting, etc)	No			13	5			18	Channel-1 Coordination Unit
		ETB			426	450			876	
9.1.2	Establish PFM Documentation room to keep properly proclamations ,legal frameworks, manuals and associated training modules	No			1				1	Channel-1 Coordination Unit
		ETB			460				460	

Strategic Goal and Tasks		UoM	Baseline	Target and Budget Required (In Thousand ETB)					Total Target and Budget	Responsible Body
				2010EFY	2011EFY	2012EFY	2013EFY	2014EFY		
9.1.3	Duplicate and disseminate legal frameworks, manuals and associated training modules to all sector bureaus , woredas and city administrations	No			13				13	Channel-1 Coordination Unit
		ETB			12				12	
9.2	Improve financial administration staff capacity in all budget entities									
9.2.1	Create data base to manage government financial management staff	No				1			1	Channel-1 Coordination Unit
		ETB				1,200			1,200	
9.2.2	Collect government financial management staff data	No				149			149	Channel-1 Coordination Unit
		ETB				450			450	
9.2.3	Assess training gaps and plan training for government financial management staff	No				149			149	Channel-1 Coordination Unit
		ETB							0	
9.2.4	Follow up and assess training impact	No					146		146	Channel-1 Coordination Unit
		ETB					640		640	
9.3	Implement PFM change tools to strengthen government finance administration	No							0	Channel-1 Coordination Unit
		ETB				3,000	2,000	1,700	6,700	

Strategic Goal and Tasks		UoM	Baseline	Target and Budget Required (In Thousand ETB)					Total Target and Budget	Responsible Body
				2010EFY	2011EFY	2012EFY	2013EFY	2014EFY		
9.4	Enhance the leadership of top and middle level leaders in financial administration to promote responsibility and accountability									
9.4.1	Organize awareness creation on PFM for regional higher and middle officials to create common vision collective effort and to enhance their commitment toward successful PFM reform programs	No				500	350	350	<b>1,200</b>	Channel-1 Coordination Unit
		ETB				350	200	200	<b>750</b>	
9.4.2	Organize awareness creation on PFM for woreda and city administration higher and middle officials to create common vision collective effort and to enhance their commitment toward successful PFM reform programs	No				2,574		1,802	<b>4,376</b>	Channel-1 Coordination Unit
		ETB				6,950		4,865	<b>11,815</b>	
9.4.3	Sign memorandum of understanding with all regional sector bureau heads	No				50			<b>50</b>	Channel-1 Coordination Unit
		ETB				15			<b>15</b>	

Strategic Goal and Tasks		UoM	Baseline	Target and Budget Required (In Thousand ETB)					Total Target and Budget	Responsible Body
				2010EFY	2011EFY	2012EFY	2013EFY	2014EFY		
9.5	Improve the capability of government finance professionals by providing formal institutional training on government financial administration practices	No				400	400	400	<b>1,200</b>	Channel-1 Coordination Unit
		ETB				5,747	5,747	5,747	<b>17,242</b>	
9.6	Organize Experience sharing tour on public financial management practices									
9.6.1	Organize Experience sharing tour on public financial management practices in the country	No				10	10	10	<b>30</b>	Channel-1 Coordination Unit
		ETB				5,000	5,000	5,000	<b>15,000</b>	
9.6.2	Organize Experience sharing tour on public financial management practices outside the country	No				10		10	<b>20</b>	Channel-1 Coordination Unit
		ETB				341		341	<b>682</b>	
9.6.3	Organize Experience sharing tour on public financial management practices within the region	No				40		40	<b>80</b>	Channel-1 Coordination Unit
		ETB				617		617	<b>1,235</b>	
9.7	Establish and strengthen PFM institutional arrangements at all levels									
9.7.1	Hire PFM consultant	No			1	1	1	1	<b>4</b>	Channel-1 Coordination Unit
		ETB			60	360	360	360	<b>1,140</b>	



Strategic Goal and Tasks		UoM	Baseline	Target and Budget Required (In Thousand ETB)					Total Target and Budget	Responsible Body
				2010EFY	2011EFY	2012EFY	2013EFY	2014EFY		
9.7.2	Establish PFM Coordination team under channel one coordination unit of BoFED	No			3	3	3	3	12	Channel-1 Coordination Unit
		ETB			78	468	468	468	1,482	
9.7.3	Purchasing of office equipment and materials	No			3				3	Channel-1 Coordination Unit
		ETB			230				230	
9.7.4	Organize Regional PFM steering committee, Regional PFM technical Committee and Woreda and City Administration PFM Technical Committees	No				101			101	Channel-1 Coordination Unit
		ETB				450			450	
9.8	Conduct PFM Performance Evaluation	No				2	2	2	6	Channel-1 Coordination Unit
		ETB				2,000	2,000	2,000	6,000	
9.9	Organize Regional PFM steering committee Review meeting	No				2	2	2	6	Channel-1 Coordination Unit
		ETB				2,257	2,257	2,257	6,772	
9.10	Strengthen the PFM reward and penalty system to enhance accountability and motivate effort	No				1	1	1	3	Channel-1 Coordination Unit
		ETB				300	300	300	900	
Goal 9 Total Budget		ETB		0	1,266	29,955	18,972	23,856	74,049	
Total Budget Required		ETB		0	1,266	61,750	63,857	62,446	189,319	