Dear Readers,

The Phase 4 of the DSA Project has just been extended following the signature of a Memorandum of Understanding between four governments (Ethiopia, United States, Ireland and Netherlands). Phase 4 of the DSA Project involves the rollout of the financial reforms to all regions and administrative areas. Major deliverables by end of this phase of the DSA Project include: the completion of the introduction of the budget and accounts reforms in all nine regions and two administrative areas; the introduction of the budget planning reform at Federal and in one pilot region and underway in other regions; the automation of the budget and accounts systems both at Federal and regional level; and the automation of the disbursement system in regional finance institutions. Over 28,000 government staff are expected to be trained during this phase, in budget, accounts and budget planning.

The Phase 4 of the DSA Project has a larger scope compared to the previous phases, which is the implementation of these reforms at a national scale. The success of these reforms requires the active and dedicated participation of all concerned, a strong and effective leadership at all levels and good coordination. An important aspect of the oversight of the Phase 4 of the DSA Project is that a Technical Steering Committee comprised of representatives from MOFED, CSRP-CO, and all BoFEDs will be involved in the review and approval of the (DSA supported) financial reform activities in the country.

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MOU Signed Between Four Governments to Extend the DSA Project Activities for a Further 29 Months

The United States Agency for International Development (USAID), Development Cooperation Ireland (DCI), the Netherlands Minister for Development Cooperation and the Government of the Federal Democratic Republic of Ethiopia signed on June 29, 2004, a Memorandum of Understanding (MOU) to support the fiscal decentralization in Ethiopia and pledged USD 13.6 million to rollout the financial reforms to all regions of Ethiopia including the Addis Ababa and Dire Dawa Administrative Areas.

Harvard University’s technical assistance was said to have been instrumental in helping to enhance governmental transparency and accountability in Ethiopia. The Budget Information System (BIS) and the Budget Disbursement and Accounts (BDA) System, implemented with Harvard/DSA’s assistance, have also helped the Ministry of Finance and Economic Development produce the National Budget in a timely manner. When implemented nationally, the BIS/BDA system will enable speedy consolidation of the national budget and accounts, efficient tracking of sector expenditures and improved fiscal transparency nation-wide.

Extract from USAID’s June 30th Press Release
The FY 1997 Budget Processing at Federal Level

The Federal budget was prepared for the 4th year running using the Budget Information System (BIS) developed by the DSA Project. For the FY 1997, the “Budget Summary” (Volume I) was printed and delivered on time, on June 21st, 2004. The “Budget Details” book, (Volume II), has also been completed and is currently being produced.

A number of steps were taken this year to improve the content of the printed volumes. In collaboration with the DSA Project, the budget department designed and developed fourteen management reports to help with the budget preparation process. These fourteen reports were included in the Budget Summary book.

This fiscal year budget processing also saw the rollout of BIS to sixteen additional federal public bodies, bringing the total number of public bodies running BIS to twenty-two. The installation of BIS at these public bodies allows them to process their own budgets and subsequently bring these budgets in electronic format to MoFED for consolidation.

The budget department at MoFED also took a big step towards assuming responsibility for and running its own BIS by the addition of two staff to the department. These two staff members worked side-by-side with the DSA Project staff throughout the budget preparation process. Over the coming year they will take over the day-to-day running of the BIS.

Profile: A summer in Ethiopia...

As the saying goes “time flies when you’re having fun.” This is definitely the case since more than half my time here has passed though it feels like I only arrived yesterday in Addis’ shiny and large Bole International Airport. I have so far been in Assossa, Mekelle, Gondar, and Bahir Dar. I’ve found Addis to be one of the safest and most comfortable cities to walk around in, and I have lived in Bangkok, Thailand, Georgetown, Guyana, New York, Los Angeles, Dallas, and Washington, DC. Everywhere I’ve traveled in Ethiopia, I’ve seen new roads constructed, new buildings taking shape, and a level of activity and punctuality (YES, punctuality!) that rarely is experienced in the developing world. The only thing I was unprepared for was the cold, driving rain, accompanied by periodic ice. I’ve been told that Addis is most beautiful when the sun is shining and the skies are clear. Since my friends and I both agree that Addis is an exciting, thriving, and growing new city, perhaps I’ll return to discover other aspects of both Addis and Ethiopia.

Poranee (Pam) Kingpecharat

Pam Kingpecharat assisting the setting up of a BIS Pool at the benishangul Gumuz Bureau of Finance and Economic Development (Assossa)

Pam with Elias Erigicho (far right) and Girum Taeye of the DSA Project (Assossa)
Public Financial Management

...the academic side

Executive Program in Public Financial Management at Harvard University

The Public Financial Management (PFM) Program at Harvard is designed to strengthen the knowledge and skills of government officials and members of legislatures enabling them to better analyze and improve their budgetary systems.

Participants are given the opportunity to review processes involving “best practice” in public finance that will help them in strengthening and reforming the way the public finances are planned and managed in their respective countries.

Six participants from Ethiopia attended the program this year, from July 5th to 23rd, 2004. The four participants sponsored by the DSA Project include Ato Melaku Kifle, Budget Department Head, MOFED, Ato Kebede Kaba, Deputy Bureau Head, Oromia Region Bureau of Finance and Economic Development (BoFED), Ato Sime Berhanu, Budget Department Head, SNNP BoFED and Sultan Muhiedin Odow, Head, Somali BoFED. Two additional participants from Ethiopia, sponsored by the Development Cooperation Ireland, also joined the PFM program at Harvard: Ato Mekonnen Abraha, Head, Tigray BoFED and Ato Fisseha Alazar, Program Executive, Development Cooperation Ireland.

34 participants from 17 countries attended this program.

Profile: A summer in Ethiopia

Periodically, you will see new faces at the DSA Project office and if that new face appears around summer time, it’s very likely that this new face belongs to one of the summer interns flown in by the Harvard Summer Internship Fund or the Harvard International Development Internship Fund. That’s the reason why I find myself in rainy Addis Ababa from June 1 through August 31st. My name is Pam Kingpetcharat and I’m working with both the Budget and Accounts Reform and the Information Technology departments here at DSA this summer. My work during my three-month stay in Ethiopia will mainly consist of developing a strategy for post-implementation support in IT as well as assess the current training being delivered for the Financial Information Systems (FIS) the Project has developed.

This is probably a side of the DSA Project that few rarely see...the academic side. Since the DSA Project is implemented by the John F. Kennedy School of Government of Harvard University, it regularly receives infusions of new faces interested in studying the accomplishments of Ethiopia’s reforms. As for myself, I’ve just finished my first year in the Masters of Public Administration in International Development (MPA/ID) program. Since the program is geared towards practitioners in development, a summer internship in a country in which the student has never served is one of the program requirements. I chose to come to Ethiopia for multiple reasons: I’d never been to Africa before, administrative and financial decentralization is my area of interest as is public finance and the role of IT to support these objectives. Furthermore, my ancestral country of Thailand faces many of the same challenges as it attempts to implement administrative decentralization per the requirements of our 35th constitution enacted as of 1996.

Please see: Profile: A summer...Page 2
Documents Available

The following is a list of recent documents available from the DSA Project for distribution. A major objective of the bulletin is to make Federal and Regional finance officials aware of the documents available on the reform and to rapidly disseminate the concepts and lessons of the reform.

**DSA Project Office**

- EFY 1997 Federal Budget, [Amharic Version] (B-130)
- Budget Reform Manual: Volume II—Accounting and Reporting; A guide for Benishangul Gumuz [Amharic Version] (B-132)
- Budget Reform Manual: Volume II—Accounting and Reporting; A guide for Benishangul Gumuz [English Version] (B-133)
- Federal Democratic Republic of Ethiopia - FY 2004/05 Approved Budget – Volume II (Detailed Budget) [English Version] (B-134)
- Federal Democratic Republic of Ethiopia - FY 2004/05 Approved Budget – Volume II (Detailed Budget) [Amharic Version] (B-135)
- SNNPR Region Accounting System—Training module for the Department of Finance and Economic Development—Case Solutions for Trainers (T-196)

- Budget Disbursement and Accounts System—BDA 3B, Budget Adjustment Module, Users’ Manual (IT-BDA-19)