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Decentralization Support Activity Project

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# ACRONYMS

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<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>BDA 3 (A)</td>
<td>Budget Disbursement and Accounts System (for the new chart of accounts and existing single entry cash accounting system)</td>
</tr>
<tr>
<td>BDA 3 (B)</td>
<td>Budget Disbursement and Accounts System (for the new chart of accounts and existing single entry bookkeeping and modified cash accounting system)</td>
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<tr>
<td>BIS</td>
<td>Budget Information System</td>
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<tr>
<td>BOFED</td>
<td>Bureau of Finance and Economic Development</td>
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<tr>
<td>CAD</td>
<td>Central Accounts Department of the Ministry of Finance and Economic Development</td>
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<tr>
<td>EMCP</td>
<td>Expenditure Management and Control sub-Program</td>
</tr>
<tr>
<td>FY</td>
<td>Fiscal Year</td>
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<tr>
<td>IBEX</td>
<td>Integrated Budget Expenditure System</td>
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<tr>
<td>MOFED</td>
<td>Ministry of Finance and Economic Development</td>
</tr>
<tr>
<td>RSB</td>
<td>Region Sector Bureau</td>
</tr>
<tr>
<td>STS</td>
<td>Single Treasury System</td>
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<tr>
<td>SNNP</td>
<td>Southern Nations, Nationalities and Peoples</td>
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I  KEY ACTIVITIES OF THE REPORTING PERIOD

- Budget preparation manuals and training modules for Somali region and the Addis Ababa Administrative Council were developed.

- A training of trainers program in budget preparation and management was delivered to core trainers from the Addis Ababa City Government and the Dire Dawa Administrative Council as well as Harari, Afar, Gambella and Somali regions.

- Region wide budget preparation training programs were delivered to wereda and zone budget staffs in Harari, Afar, Gambella and Somali regions as well as the Dire Dawa Administrative Council and the Addis Ababa City Government. The budget preparation for FY 1998 has also commenced in the above mentioned regions.

- Accounts procedures manuals and training modules were finalized and translated into regional languages for Oromia, Benishangul Gumuz, Dire Dawa and Harari regions.

- A training of trainers program in Accounts - Single Treasury System (STS) - was delivered to core trainers from Oromia and Benishangul Gumuz regions.

- A training of trainers program in Accounts for region sector bureaus was delivered to core trainers from Oromia region.

- A one day workshop was conducted with staff from MOFED and BOFEDs of Tigray, Amhara, SNNP and Oromia to discuss the Management Accounts. The reports that were discussed and finalized included Volume 1: Expenditure Reports (A-105), Volume 2: Revenue and Other Reports (A-107) and Appendices for Volume 1 (A-106).

- The disbursement module report identifying functional requirements was finalized and issued (A-99).
II OUTSTANDING ISSUES

• Funding Gap of the DSA project

One year into Phase 4, the DSA project still faces the initial funding gap of $3.2 million which has increased to $4.2 million with the addition of activities requested by MOFED. In the absence of the funding of this gap, the project must now reduce contracted activities to fit within available funds. The MOFED, the DSA project and the project’s funders need to agree to either provide the required funding or reduce the contracted activities.

Until the above consultation is completed, the project has suspended reform activities in Benishangul Gumuz, Afar, Gambela, Somali and Harar regions as well as the Dire Dawa Administrative Council.

• Closure of accounts for FY 1995 in Gambella region

BOFED is unable to close the accounts for FY 1995 as a result of incomplete information from two weredas. Documents for one wereda have been destroyed due to riots and civil unrest whilst documents for the other wereda are declared as “lost” as a result of the relocation of the Office of Finance and Economic Development.

BOFED has established a committee that is tasked to search and locate the missing documents. The committee is currently in the field working closely with senior officials of the concerned weredas.

• Directive issued by MOFED Treasury Department on Grace Period Payments

The Treasury Department issued directives on the modalities for payments during the grace period. These directives were not discussed with the Central Accounts Department. The accounting implications of any directive should first be discussed with the Central Accounts Department to ensure that the quality of accounting procedures is maintained.
• Single pool at wereda level in Benishangul Gumuz region

The Cabinet’s decision to implement the single pool concept at wereda level has not been implemented by four offices in all of the 20 weredas in the region, namely Justice, Court, Health and Police. The merger of these entities into the single pool is critical for the successful implementation of the accounts reform.

BOFED has written a letter to the President requesting for intervention to resolve the issue.

• WeredaNET

The project is waiting for the completion of the WeredaNET infrastructure. The project also needs to be officially recognized as a user of this infrastructure in order to test the IBEX application. To date the project is unable to get much information about the status of this project.

• Involvement of the MOFED IT Department with the DSA project’s IT initiatives

The MOFED IT Department continues to not coordinate the EMCP IT activities with the DSA Project’s contracted IT initiatives. The lack of cooperation by the MOFED IT Department weakens the coordination of the countrywide IT initiative to support the EMCP reforms. The project does not enjoy a cooperative relationship with the Department and is therefore unable to help build the IT capacity of the MOFED in relation to the BIS/BDA, IBEX systems and general network support. While there are recurring requests from both the budget and accounts departments for more ownership of their financial information systems, the project lacks an IT counterpart to work with to achieve this goal.
III    CORE ACTIVITIES

A. Accounts Reform

- Accounts reform at the Federal Government

---Reporting for FY 1994
DSA is providing IT support to MOFED’s CAD to consolidate the countrywide accounts for FY1994.

---Reporting for FY 1995
All reporting entities at federal level and all regions (except Gambella) have submitted FY1995 accounts to CAD.

The FY1995 accounts under the double entry system were closed at federal level using BDA-3(B). The following reports were issued:

- FY 1995 Budgetary Revenue & Expenditure
- FY 1995 Budgetary Revenue & Expenditure – Amharic Version

The Auditor General’s office commenced audit of the reports.

---Reporting for FY 1996
Of the 167 reporting entities that are required to submit monthly reports to the CAD for the FY 1996:

- 159 have submitted monthly reports up to June.
- 5 have submitted monthly reports up to May.
- 2 have submitted monthly reports up to September.
- 1 has not yet submitted any monthly report.

The accounts of FY 1996 are not closed due to delays in submission of reports by 3 reporting entities: Ethiopian Civil Aviation Authority (ECAA), Agricultural TVET and Security, Immigration and Refugee Affairs Authority (SIRAA). CAD is reconciling various accounts such as customs duty for the entities that have submitted reports.

---Reporting for FY 1997
Of the 167 reporting entities that are required to submit monthly reports to the CAD for the FY 1997:

- 2 have submitted monthly reports up to May.
- 38 have submitted monthly reports up to April.
• 24 have submitted monthly reports up to March.
• 21 have submitted monthly reports up to February.
• 12 have submitted monthly reports up to January.
• 12 have submitted monthly reports up to December.
• 5 have submitted monthly reports up to November.
• 13 have submitted monthly reports up to October.
• 10 have submitted monthly reports up to September.
• 4 have submitted only one monthly report.
• 26 have not submitted any monthly reports.

• Accounts reform in SNNP region

---FY 1996 accounts
All region sector bureaus, zones and weredas have submitted reports to BOFED up to June. BOFED has finalized the reconciliation of accounts with zones and weredas and is in the process of consolidating the region wide accounts using BDA 3(B).

---FY 1997 accounts
• All region sector bureaus have reported up to May
• 8 of the 136 zones and weredas have submitted reports up to May
• 42 of the 136 zones and weredas have submitted reports up to April
• 86 of the 136 zones and weredas have submitted reports up to March

• Accounts reform in Tigray region

---FY 1996 accounts
All region sector bureaus, zones and weredas have submitted reports to BOFED up to June. BOFED is reconciling accounts with zones and weredas.

---FY 1997 accounts
• All region sector bureaus have reported up to May
• 41 of the 47 weredas have submitted reports up to May
• 6 of the 47 weredas have submitted reports up to March

• Accounts reform in Amhara region

---FY 1996 accounts
All region sector bureaus and weredas have submitted reports to BOFED and zones respectively. BOFED is reconciling accounts with region sector bureaus and zones. The region is consolidating the accounts using BDA 3(B).
---FY 1997 accounts
- All regional sector bureaus have submitted monthly reports up to May
- 94 the 116 weredas and zones have submitted monthly reports up to May
- 22 of the 116 weredas and zones have submitted reports up to April

--- Accounts reform manual
The accounts procedural manual (A-108) using the zero balance bank account system was prepared for use by region sector bureaus.

Amhara has decided not to adopt the zero balance bank account system. And so the initial accounts procedural manual (A-92) (without the zero balance bank account system) was translated into Amharic by the accounts reform team of the region.

- Accounts reform in Benishangul Gumuz region

--- Preparation for introduction of Accounts Reform in FY 1998
The following accounts procedural manuals were translated into Amharic:

Accounting System for DOFED and OFED A-114
Chart of Accounts A-113
Accounting System for region sector bureaus A-112

The following accounts training materials for region sector bureaus were developed:
- Case solutions – Trainer version T-248
- Set of forms T-251

The following accounts training materials for region sector bureaus were translated into Amharic:
- Training module – Trainee version T-257
- Set of forms T-258

In addition the following accounts training materials for the Single Treasury System (STS) were developed for use by zones and weredas:
- Case solutions – Trainer version T-250
- Set of forms T-252
The following accounts training materials were translated into Amharic for use by zones and weredas:

- Training module – Trainee version T-260
- Set of forms T-259

---Training
The project delivered a training of trainers program on STS (for zones and weredas) to 18 core trainers selected from region, zone and weredas, from June 20th to 30th. A training of trainers program on the accounting system for region sector bureaus is scheduled to be delivered to 10 other core trainers, from July 1 to July 10.

- Accounts reform at the Addis Ababa City Government

---FY 1996
28 out of 29 region sector bureaus have submitted the FY 1996 accounts to BOFED and 1 out of 10 sub-cities submitted FY 1996 accounts to BOFED. The 9 sub-cities are currently finalizing the closure of FY1996 accounts and are expected to submit their accounts to BOFED in August 2005.

---FY 1997
30 out of 32 region sector bureaus have submitted monthly reports up to April. 2 out of 32 region sector bureaus have not submitted any monthly reports.

All sub-cities are using BDA 3(B) to process FY 97 accounts.

- Accounts reform in Oromia region

---FY 1996 accounts
Field visits were undertaken to 14 zones to expedite the closure accounts.

All 197 weredas have submitted accounts to their respective zones and data entry into BDA is completed. 11 out of 14 zones have submitted accounts to BOFED.

At the regional level, all region sector bureaus have submitted accounts to BOFED
---FY 1997 accounts

- All region sector bureaus have submitted reports up to April.
- 37 out of 217 weredas have submitted reports up to May 2005.
- 49 out of 217 weredas have submitted reports up to April 2005.
- 10 out of 217 weredas have submitted reports up to March 2005.
- 6 out of 217 weredas have submitted reports up to February 2005.
- 5 out of 217 weredas have submitted reports up to January 2005.
- 21 out of 217 weredas have submitted reports up to November 2004.
- 32 out of 217 weredas have submitted reports up to October 2004.
- 57 out of the 217 weredas have not reported.

---Preparation for the introduction of the accounts reform in FY 1998

The accounts procedural manual for region sector bureaus (A-102), Volume 1, was finalized. The following accounts procedural manuals were translated into Oromiffa:

- Accounting System for DOFED and OFED A-121
- Chart of Accounts for Oromia Region A-109
- Accounting System for region sector bureaus A-120

402 qualified accountants (diploma holders) were recruited by the region and assigned to weredas.

The following accounts training materials for region sector bureaus were developed:

- Training module – Trainee version T-246
- Case solutions – Trainer version T-247
- Set of forms T-254

The following accounts training materials were translated into Oromiffa for use by region sector bureaus:

- Training module – Trainee version T-271
- Set of forms T-269

In addition the following accounts training materials for STS were developed for use by zones and weredas:

- Training module – Trainee version T-240
- Case solutions – Trainer version T-249
- Set of forms T-253
The following accounts training materials were translated into Oromiffa for use by zones and weredas:

- Training module – Trainee version
- Set of forms

---Training
The project delivered a training of trainers program on STS (for zones and weredas) to 46 core trainers from May 26th to June 4th, 2005.

The project also delivered a training of trainers program to 18 trainers on the accounting system for region sector bureaus from June 7th to 18th, 2005.

• Accounts reform at the Dire Dawa Administrative Council

---Preparations for the introduction of the accounts reform in FY 1998
The accounts procedural manuals, Volume 1 (A-104) and Volume 2 (A-103) were developed and translated into Amharic by the accounts reform team of the Dire Dawa BOFED:

- Accounting System for Region Sector Bureaus
- Chart of Accounts

The following accounts training materials for region sector bureaus were developed:

- Training module – Trainee version
- Case solutions – Trainer version
- Set of forms

The following accounts training materials were translated into Amharic:

- Training module – Trainee version
- Set of forms

• Accounts reform in Harari Region

---Preparations for the introduction of the accounts reform in FY 1998
The accounts procedural manuals, Volume 1 (A-115) and Volume 2 (A-116) were developed and translated:

- Accounting System for Region Sector Bureaus
- Chart of Accounts
The following accounts training materials for region sector bureaus were developed:

- Training module – Trainee version T-265
- Case solutions – Trainer version T-264
- Set of forms T-266

The following accounts training materials for region sector bureaus were translated into Amharic:

- Training module – Trainee version T-267
- Set of forms T-268

• Management Accounts

A workshop was conducted on April 4th 2005, at the Global Hotel to discuss Volumes 1 and 2 of the Management Accounts with representatives from MOFED and BOFEDs of Tigray, Amhara, SNNP and Oromia. The manuals were finalized and the software to implement the management accounts is being developed as part of the accounts module. The reports include Volume 1: Expenditure Reports (A-105), Volume 2: Revenue and Other Reports (A-107) and Appendices for Volume 1 (A-106).

• Disbursement Module for the Federal Government

The report (A-99) identifying the functional requirements for the disbursement module for the Treasury Department of MOFED was discussed with staff from the Treasury department and finalized.
B. Budget Reform

- Budget reform at the Federal Government

Budget hearings were conducted in the month of April 2005 and the draft recommended budget was prepared and submitted to the Council of Ministers. The Council of Ministers endorsed and forwarded the recommended budget to the Parliament for approval.

- Budget reform in Tigray region

Budget hearings were conducted in the month of April 2005 and the draft recommended budget was prepared and submitted to the Regional Cabinet. The Regional Cabinet endorsed and forwarded the recommended budget to the House of the Speaker.

Based on an approved block grant formula the subsidies were sent to all weredas.

- Budget reform in SNNP region

Budget hearings were conducted and the draft recommended budget was prepared and submitted to the Regional Cabinet.

Based on the approved block grant formula, BOFED sent subsidies to all weredas.

- Budget reform in Oromia region

The budget call was issued to public bodies and public bodies submitted their budget requests. The requests were entered into BIS. The budget hearing was conducted and a draft recommended budget was submitted to the Regional Cabinet.

The block grant formula will be approved by the regional cabinet in July. However, the weredas are preparing their budgets based on last year’s budget ceilings.

- Budget reform in Amhara region

Indicative budget ceilings have been issued to region sector bureaus. Region sector bureaus have submitted budgets far in excess of the ceilings. BOFED will however notify the region sector bureaus (for the second time) with the official ceiling for FY1998, upon receipt of the final subsidy from the Federal Government. Based on the approved block grant formula, BOFED already sent subsidies to all weredas.
• Budget reform in Benishangul Gumuz region

---Training
523 staffs from region sector bureaus and weredas received additional training on budget preparation throughout the region.

---FY 1998 budget preparation
The block grant formula was approved by the Regional Cabinet and subsidies were sent to all weredas. The budget call with ceilings was issued to all region sector bureaus.

Budget preparation forms were distributed to all region sector bureaus, zones and weredas.

• Budget reform in Addis Ababa

---Training
The project delivered a training of trainers program on budget preparation and management to 15 core trainers, from April 22nd to 23rd, 2005. The 15 core trainers trained 200 staffs on budget preparation and management.

---Training materials
The following training materials for Volume 1 were prepared in Amharic for the budget preparation training:

- Budget Reform Manual – Annexes B-188
- Training Module – Guide – Trainee Version T-241
- Budget Reform Manual - Set of Forms T-242

---FY 1998 budget preparation
All region sector bureaus submitted budget requests. Budget hearings were conducted at expert level and the draft recommended budget was prepared using BIS.

All sub-cities commenced preparation of the budget using BIS.
• Budget reform in Harari region

---Training
The Project delivered a training of trainers program in budget preparation and management to 15 core trainers, from May 10th to 13th, in Dire Dawa. The 15 core trainers then trained 79 staffs from region sector bureaus.

---FY 1998 budget preparation
The budget call was issued to region sector bureaus. The region sector bureaus submitted their budget requests to BOFED. The budget requests have been entered into BIS.

• Budget reform in Dire Dawa

---Training
The project delivered a training of trainers program in budget preparation and management to 15 core trainers from May 10th to 13th, in Dire Dawa. The 15 core trainers then trained 150 staffs from sector bureaus and kebeles.

---FY 1998 budget preparation
The budget call was issued to region sector bureaus. The region sector bureaus submitted their budget requests to BOFED. The budget requests have been entered into BIS.

• Budget reform in Gambella region

---Technical Assistance
Regular interaction between project staff and the budget reform team took place to move the budget reform forward.

---Training
The project delivered a training of trainers program in budget preparation and management to 22 core trainers in Addis Ababa, from April 22nd to April 25th. The 22 core trainers trained 301 staffs in budget preparation and management throughout the region.

---FY 1998 budget preparation
The Regional Cabinet approved the block grant formula and the subsidies were sent to all weredas. The budget call with ceilings was issued to all region sector bureaus.

Budget preparation forms were distributed to all region sector bureaus, zones and weredas.
Budget reform in Afar region

---Training
The project delivered a training of trainers program in budget preparation and management to 35 core trainers, from April 9th to 12th, in Semera. The 35 core trainers then trained 829 throughout the region.

---FY 1998 budget preparation
The block grant formula was approved by the Regional Cabinet and the subsidies were sent to all weredas. Budget preparation forms were distributed to all region sector bureaus and zones and weredas. The budget call with ceilings was issued to all region sector bureaus. 15 region sector bureaus submitted their budget requests which have been entered into BIS.

Field visits were undertaken to 20 weredas to expedite the FY1998 budget preparation.

Budget reform in Somali region

---Technical Assistance
Regular interaction between project staff and the budget reform team took place to move the budget reform forward.

---Training materials
The following training materials were prepared for the budget preparation and management training:

- Budget reform manual – Set of Forms T-255

The following training materials for Volume 1 were translated into Somali:

- Budget Reform Manual - Guide B-189
- Budget Reform Manual - Annexes B-190
- Budget Forms B-191
- Training Module – Guide – Trainer Version T-244
- Training Module – Guide – Trainee Version T-245
- Budget Reform Manual – Set of Forms T-256
---Training
The Project delivered a training of trainers program in budget preparation and management to 26 core trainers from May 10th to 13th in Dire Dawa. The 26 core trainers then trained 675 staffs on budget preparation at wereda and zone sites. Training will be delivered to a further 825 trainees in the next round.

---FY 1998 Budget Preparation
The block grant formula was approved by the Regional Cabinet and the subsidies were sent to all weredas. The budget call with ceilings was issued to all region sector bureaus.

Budget preparation forms were distributed to all region sector bureaus as well as weredas.
C. Expenditure Planning Reform

- Expenditure Planning Reform in Oromia region

Provisional subsidies to regions have been made during the month of May, 2005. The project’s expenditure planning adviser, Perran Penrose, worked with the Oromia BOFED on the transfer to weredas. The Oromia BOFED has done considerable work in the preparation for the introduction of the needs based formula.

Perran Penrose’s work with the BOFED involved the review of the methodologies and data used for the transfer system. It was agreed that the BOFED needs to begin a program of data improvement so that the 1999 data are of better quality. A major need in such exercises is accurate and timely data. At present, most of the data systems are census driven and therefore are late and not applicable to the budget. As opposed to statistical systems, which are based on census or surveys, which take time to collate and represent time slices in the past, information systems are directly used for management and therefore need to be timely, selective and relevant.

A summary report of Perran Penrose’s work with the Oromia BOFED is available at the project office (P-68).

- Expenditure Planning Reform in SNNP region

Perran Penrose also held discussions with the SNNP BOFED. The purpose of the discussions was to review progress and set-out strategies for the future development of the performance based bloc grant system and PEP.

The region has received notifications of the indicative federal subsidies also in May 2005. Ceilings have been conveyed to weredas and weredas now have planning ceilings based on formula transfer estimations for FYs 1998 to 2000. Moreover, about 1,400 wereda, zone and region staff has been trained on the PEP earlier in April.

The SNNPR BOFED has also put together a performance based system that relates wereda allocations to policy objectives. Most of the weredas (99%) have accepted the performance agreements and have provided basic data on how their actual performance relates to their plans.

A summary report of Perran Penrose’s work with the SNNPR BOFED is available at the project office (P-69).
Expenditure Planning Reform in regions – Next steps

The consultant has planned a workshop in August 2005, involving regions involved in the planning reform to review the progress to date and contribute to improvements in the system. The objectives of the workshop would be to learn from experiences so far and to finalize allocation and performance plans for the 1999 round, when bureaus and zones should be brought into the bloc grant performance system. An agreement should be reached on a performance structure that is consistent across all regions as far as possible. The improvement of information will also be a focus.
D. Information Technology

- IT activities in the Federal Government
  
  -- The IBEX budget module went live in MOFED on April 4th, 2005 according to schedule. The IBEX budget module is running on servers on the 5th floor of MOFED, and the application was made available to users over the Ministry’s LAN. Over 30 users in MOFED are currently able to use their IBEX application from their own offices.

  The major obstacles faced during the piloting of IBEX in MOFED were problems with the MOFED network. Virus problems were a major difficulty of the network. In addition, not all offices were connected or able to connect to the network because of failed networking equipment.

  -- The Federal Budget for FY 1998 was produced, printed and delivered to Parliament four weeks before the beginning of the financial year. The Budget Summary was delivered on June 1, 2005, and the Negarit Gazette was delivered on June 7 2005.

  -- The CAD closed the FY 1995 accounts using BDA 3(B) in March 2005. The DSA project worked closely with the CAD. Additional functionalities were developed for the BDA system based on new requirement associated with the closing of accounts. This was the first time the CAD was closing accounts using BDA. The process has been a good learning experience, and the BDA functionality has been expanded and improved as a result. It is expected that this new functionality will be rolled out to all regions.

  -- A refresher training program was conducted for all members of the CAD on all modules of the BDA and BIS systems. Four members of the Federal Auditor General’s office also participated in this training. In addition to the technical aspects of using the BDA software, the training also included an open discussion on the features of the BIS and BDA systems. Overall, the systems have been well received, and one of the main points raised was that the experiences of the CAD in closing the FY 1995 accounts using BDA should be shared with the regions.

  -- The BDA installation in the CAD is currently being upgraded. This upgrade includes the upgrading of the BDA servers, the distribution of the application using the MOFED Local Area Network, the maintenance of CAD workstations and the above mentioned refresher training for the CAD staff.

  -- The rollout of BDA 3(B) continued to another 65 RUs completing the rollout of this system to all federal reporting units in Addis Ababa. The remaining federal
reporting units are outside Addis Ababa and will be planned for BDA installation separately in the coming weeks depending on funding availability. This rollout has been an overall success, and the CAD department is now moving towards accepting monthly reports generated directly out of BDA.

In addition to the rollout of BDA 3(B), the DSA project also purchased and installed CD-RW drives at all reporting units. These CD-RW drives will be used primarily for purposes data backups.

- **IT activities in the SNNP region**

  -- A refresher training program for all zones on the BIS and BDA is scheduled to begin on July 1, 2005.

  -- The SNNP Region is currently completing a network project that will connect all zones to the BOFED using dial up connections. It is expected that this dial up network will be used to transferring BIS and BDA data from zones to BOFED for consolidation.

- **IT activities in the Tigray region**

  -- A refresher training program was provided to BOFED staff on BIS and BDA. In particular new IT staff was trained on the support and administration of these systems. BIS support was provided for the preparation of the FY 1998 budget structure. To date, the Tigray region has completed the requested budget for all regional sector bureaus. BDA support was provided for the closing of FY 1996 accounts. Additional reports were developed in support of the CAD accounts closing procedures at the Tigray BOFED.

  -- Based on requests from the Tigray BOFED, the DSA project formulated plans to rollout BIS and BDA to selected regional sector bureaus and weredas. The DSA project was initially reluctant to rollout these applications to regional sector bureaus and weredas because these activities were out of scope of the project’s Phase 4 activities. The Tigray BOFED however, was convinced that these systems will help towards the timely closing of accounts. In addition, the Tigray BOFED has hired computer personnel at BOFED and every wereda to help in supporting these applications. As these activities are out of the scope of the project’s Phase 4 activities, and given the existing funding gap, this rollout has had to be put on hold.
• IT activities in the Amhara region

-- BIS refresher training was provided to staff from all zones, 5 weredas and BOFED. A new approach to training was tried in the Amhara region this time, whereby core trainers were trained and they subsequently delivered the training to the wereda and zone trainees. This training program was supervised by DSA project IT staff.

• IT activities in the Oromia region

-- A refresher training program was provided to 16 regional sector bureaus to help with the preparation of the FY 1998 budget. The project also worked with the bureau to develop an appropriate budget structure for data processing.

-- The DSA project also provided support to the region for the closing of FY 1996 accounts using BDA 3(A). In addition, the Revenue Budget Module was customized and installed at the Oromia BOFED for the closure of the FY1996 accounts.

-- Corrections of the FY 1997 budget were finalized in preparation for the processing of FY 1997 accounts processing at zones. 7 zones were visited to help start the processing of FY 1997 accounts using BDA 3(A).

• IT activities at the Addis Ababa City Government

-- The IBEX Budget Module pilot at the Addis Ababa City Government went live in BOFED on April 4th, 2005, on schedule. Sub-cities were not immediately able to connect to the IBEX application over the wide-area-network (WAN) of the Addis Ababa City Government because of technical difficulties with the Ethiopian Telecommunications Corporation. The DSA project worked closely with the Revenue Department of the Addis Ababa BOFED, which uses the WAN for its revenue collection applications, and ETC, to solve these issues. All sub-cities are now able to connect to the IBEX application over the wide area network and are currently preparing the FY 1998 budget on-line from their respective locations.

The IBEX servers are on the 10th floor of the Addis Ababa BOFED in a server room built specifically for this purpose. The application is distributed on a local area network (LAN) in the building that connects the finance, budget and revenue departments.
-- BDA 3(B) was rolled out to all sub-cities in the Addis Ababa City Government. All sub-cities are using this system to register and report on all transactions for FY 1998. Most sub-cities are now current with their transaction registers.

- **IT activities at the Dire Dawa Administrative Council**

  -- The DSA project IT staff visited Dire Dawa to meet the finance department and develop an action plan for the rollout of BIS for preparation of the FY 1998 budget. Following this visit, BIS training took place and the Dire Dawa BOFED is now preparing its FY 1998 budget using BIS. A local area network was also built connecting all offices in the accounts and budget departments.

- **IT activities in Harari region**

  -- The DSA project IT staff visited Harar to meet the finance department and develop an action plan for the rollout of BIS for preparation of the FY 1998 budget. Following this visit, BIS training took place and the Harrar BOFED is now preparing its FY 1998 budget using BIS.

- **IT activities in the Somali region**

  -- The DSA project IT staff visited the Somali region to meet the finance department and develop an action plan for the rollout of BIS for preparation of the FY 1998 budget. Language support for the Somali region has had to be added to the functionality of the BIS and BDA applications.

- **IT activities in the Afar region**

  -- The DSA project IT staff visited the Afar region to meet the finance department and develop an action plan for the rollout of BIS for preparation of the FY 1998 budget. Following this visit, BIS training took place and the Afar BOFED is now preparing its FY 1998 budget using BIS.

- **IBEX activities**

  -- On April 9th, 2005, the DSA project presented its IT strategy and status to the Ministry of Finance and Economic Development. H.E. Minister Sofian Ahmed and H.E. State Minister Mekonnen Manyazewal attended the presentation.

  -- The IBEX Budget Adjustment Module development has been completed and quality assurance testing is currently taking place. The development of the IBEX Accounts Module is underway.
• Other

-- Doug Johnson joined the DSA project as a summer intern from Harvard. Doug is in his second year at the Kennedy School of Government at Harvard University in the Masters of Public Administration and International Development program. Doug will be working with the project’s IT department on a number of projects including helping to strengthen the project’s support procedures, developing test scripts for the IBEX project and developing additional manuals for new software.
E. Other Issues

- Development of an Accounts Payable Function

A Financial Management Advisor, Anthony Higgins, was appointed to the DSA project from 9th May 2005. Anthony Higgins is working with counterparts in MOFED and BOFEDs to develop user specifications for the development of an accounts payable functionality for BDA and IBEX applications.

The Head of the MOFED Central Accounts Department, at a meeting on 15th April 2005, requested that DSA develop an accounts payable processing functionality for the BDA/IBEX applications.

Under current arrangements, there are significant delays in the entry of transaction data and monthly reports into the BDA application, which means that meaningful reports of actual expenditure against forecast expenditure and cumulative drawing limits cannot be produced in time to be useful to budget managers, treasury managers and other stakeholders. Without an accounts payable function, the various jurisdictions will continue to process their payments of suppliers manually, with subsequent delayed entry into BDA and IBEX of the transaction details for each payment.

An accounts payable module would allow all claims and invoices to be registered and recorded in a master file of suppliers prior to payment, cheques to be automatically prepared and printed, or EFT processed, and the general ledger automatically and immediately updated. Expenditure reports (actual against budget) and cash management reports (against cumulative drawing limits) therefore become more meaningful because actual expenditure data is up to date. The master file of suppliers would be cross referenced with taxpayer identification numbers enabling cross checking of payments with Inland Revenue files if necessary.

This sub-project should produce a set of functional requirements for an accounts payable module of BDA/IBEX that have been agreed to by user representatives from Federal and Regional jurisdictions, that are integrated with other modules and data tables of BDA/IBEX, and that can be developed and implemented within the existing resource and funding constraints of the DSA project.
## ANNEX 1
### SUPPORT AND FOLLOW-ON TRIPS CONDUCTED DURING THE REPORTING PERIOD

<table>
<thead>
<tr>
<th>TRIP NO.</th>
<th>REGION VISITED</th>
<th>SITES VISITED</th>
<th>VISITING STAFF NAME</th>
<th>PROJECT/ORGANIZATION</th>
<th>TRIP PURPOSE</th>
<th>TRIP DATES</th>
<th>TRIP DURATION</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>SNNPR</td>
<td>BOFED</td>
<td>Steve Peterson</td>
<td>DSA PROJECT</td>
<td>Discuss reform issues - Follow-up on planning work</td>
<td>April 11 to 13, 2005</td>
<td>3 days</td>
</tr>
<tr>
<td>2</td>
<td>AFAR</td>
<td>BOFED</td>
<td>Alemou Kidane</td>
<td>DSA PROJECT</td>
<td>Provision of a training of trainers course in budget preparation and management to core trainers from Afar region</td>
<td>April 8 to 14, 2005</td>
<td>7 days</td>
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<tr>
<td>3</td>
<td>DIRE DAWA - HARARI</td>
<td>BOFED</td>
<td>Mebrahtu Araya</td>
<td>DSA PROJECT</td>
<td>Provision of a training of trainers course in budget preparation and management to core trainers from Dire Dawa and Harari regions</td>
<td>April 16 to 19, 2005</td>
<td>4 days</td>
</tr>
<tr>
<td>4</td>
<td>DSA Project</td>
<td>DSA Project Office</td>
<td>Aychew Kebede</td>
<td>AMHARA BOFED</td>
<td>To discuss the handlings of the safety net programs</td>
<td>April 20, 2005</td>
<td>1 day</td>
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<td>TIGRAYER</td>
<td>BOFED</td>
<td>Kirubel Berhane</td>
<td>DSA PROJECT</td>
<td>BDA Support</td>
<td>April 22 to 24, 2005</td>
<td>3 days</td>
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<td>6</td>
<td>DSA Project</td>
<td>Global Hotel Conference Hall</td>
<td>Samson Mekonnen</td>
<td>MOFED</td>
<td>To Participate in the “Management Accounts Workshop”</td>
<td>April 4, 2005</td>
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<td>TRIP DATES</td>
<td>TRIP DURATION</td>
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<td>7</td>
<td>AMHARA</td>
<td>BOFED</td>
<td>Mebrahtu Araya</td>
<td>DSA PROJECT</td>
<td>To discuss the &quot;Zero Balance&quot; accounts manual with the Amhara BOFED</td>
<td>May 5 to 6, 2005</td>
<td>2 days</td>
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<td>DIRE DAWA</td>
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<td>Steve Peterson</td>
<td>DSA PROJECT</td>
<td>Provision of a training of trainers course in budget preparation and management to core trainers from Somali region</td>
<td>May 9 to 14, 2005</td>
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<td>OROMIA</td>
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<td>Derege Mekonnen</td>
<td>DSA PROJECT</td>
<td>BDA Support</td>
<td>May 12, 2005</td>
<td>1 day</td>
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<td>10</td>
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<td>DSA Project Office</td>
<td>Mekbeb Alemou Kassaw Wolde Abebe G/Selassie</td>
<td>AMHARA BOFED</td>
<td>To discuss the &quot;Zero Balance&quot; accounts manual with the DSA Project</td>
<td>May 16 to 19, 2005</td>
<td>4 days</td>
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<td>BOFED</td>
<td>Abaya Terfassa</td>
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<td>Support and Follow-up of FY96 accounts closure</td>
<td>May 18 to 25, 2005</td>
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<td>AFAR</td>
<td>WEREDAs</td>
<td>Essayas TekleGirogis</td>
<td>DSA PROJECT</td>
<td>To monitor and support the Level 3 region-wide training program in Budget Preparation and Management in Afar</td>
<td>May 19 to 23, 2005</td>
<td>5 days</td>
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<td>BOFED</td>
<td>Kirubel Berhane</td>
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<td>BDA Support</td>
<td>May 19 to 20, 2005</td>
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<td>Elias Ergicho</td>
<td>DSA PROJECT</td>
<td>To monitor and support the Level 3 region-wide training program in Budget Preparation and Management in Gambela</td>
<td>May 23 to 27, 2005</td>
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<td>15</td>
<td>DIRE DAWA - HARARI - SOMALI</td>
<td>BOFED</td>
<td>Adam Abate Grum Taye Abye Mekonnen</td>
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<td>BIS Assessment</td>
<td>May 25 to 27, 2005</td>
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<td>To monitor and support the Level 3 region-wide training program in Budget Preparation and Management in Afar region</td>
<td>May 26 to 29, 2005</td>
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<td>BDA Support</td>
<td>May 29 to June 1, 2005</td>
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<td>To monitor and support the Level 3 region training program in Budget Preparation and Management in Somali region</td>
<td>May 31 to June 4, 2005</td>
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<td>Visit of RSBs and OFEDs for the development of functional requirements for the accounts payable module</td>
<td>May 23 to 26, 2005</td>
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<td>TRIP PURPOSE</td>
<td>TRIP DATES</td>
<td>TRIP DURATION</td>
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<td>To monitor and support the Level 3 region training program in Budget Preparation and Management in Afar region</td>
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<td>Supervise the status of the FY98 budget preparation in Afar region</td>
<td>June 2 to 4, 2005</td>
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<td>DIRE DAWA</td>
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<td>Henock Girma</td>
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<td>Installation of a local area network at the Dire Dawa BOFED</td>
<td>June 6 to 10, 2005</td>
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<td>AMHARA</td>
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<td>BIS Refresher Training</td>
<td>June 5 to 13, 2005</td>
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<td>BIS Assessment</td>
<td>June 7 to 8, 2005</td>
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<td>Solomon Girma</td>
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<td>26</td>
<td>AFAR</td>
<td>BOFED AND WEREDAs</td>
<td>Alemou Kidane</td>
<td>DSA PROJECT</td>
<td>Provide Support to BOFED and weredas with the preparation of the FY1998 budget</td>
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<td>8 days</td>
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<td>GAMBELA</td>
<td>BOFED</td>
<td>Mohan Joseph</td>
<td>DSA PROJECT</td>
<td>Provide Support to BOFED with the preparation of the FY1998 budget</td>
<td>June 14 to 19, 2005</td>
<td>6 days</td>
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<td>29</td>
<td>BENISHANGUL GUMUZ</td>
<td>BOFED</td>
<td>Elias Ergicho</td>
<td>DSA PROJECT</td>
<td>To follow-up with the FY98 budget preparation, the FY96 and 97 accounts closing, the implementation of the Single Pool at wereda level and the preparation for the region-wide accounts training</td>
<td>June 16 to 19, 2005</td>
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<td>SOMALI</td>
<td>BOFED</td>
<td>Essayas TekleGirogis</td>
<td>DSA PROJECT</td>
<td>To monitor and support the Level 3 region wide training program in Budget Preparation and Management in Somali region</td>
<td>June 16 to 25, 2005</td>
<td>10 days</td>
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<td>31</td>
<td>AFAR</td>
<td>BOFED</td>
<td>Solomon Girma</td>
<td>DSA PROJECT</td>
<td>BIS training and Implementation</td>
<td>June 21 to 24, 2005</td>
<td>4 days</td>
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<td>TRIP NO.</td>
<td>REGION VISITED</td>
<td>SITES VISITED</td>
<td>VISITING STAFF NAME</td>
<td>PROJECT/ORGANIZATION</td>
<td>TRIP PURPOSE</td>
<td>TRIP DATES</td>
<td>TRIP DURATION</td>
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<td>32</td>
<td>OROMIA</td>
<td>ZONES</td>
<td>Yonas Tesfaye</td>
<td>DSA PROJECT</td>
<td>BDA Support</td>
<td>June 21 to July 2, 2005</td>
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<td>Thomas Daga</td>
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<td>Derege Mekonnen</td>
<td>DSA PROJECT</td>
<td>BDA Support</td>
<td>June 22 to 30, 2005</td>
<td>9 days</td>
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<td>Mekonnen Abraha</td>
<td>TIGRAY BOFED</td>
<td>To discuss reform issues with the DSA Project</td>
<td>June 12 to 19, 2005</td>
<td>8 days</td>
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<td>35</td>
<td>SNNPR</td>
<td>Wereadas</td>
<td>Asrat Bekele</td>
<td>DSA PROJECT</td>
<td>Overview of the tax administration system and tax potential in the region</td>
<td>June 22 to July 2, 2005</td>
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<td>SNNPR BOFED</td>
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</table>
### ANNEX 2:

**GOVERNMENT STAFF Trained During the Reporting Period**

<table>
<thead>
<tr>
<th>Training Activities – Federal &amp; Regions</th>
<th>Number of Participants Trained</th>
<th>Training Period</th>
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<tbody>
<tr>
<td>SNNPR: Region Wide Training in Budget Planning for Wereda Staff – 1.5-Day Training Program</td>
<td>1,400</td>
<td>April 2005</td>
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<tr>
<td><strong>AFAR:</strong> Tot in Budget Preparation and Management for Afar Region Core Trainers – 4-Day Training Program</td>
<td>35</td>
<td>April 9 to 12, 2005</td>
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<tr>
<td><strong>HARARI:</strong> Tot in Budget Preparation and Management for Harari Region Core Trainers – 4-Day Training Program</td>
<td>19</td>
<td>April 16 to 19, 2005</td>
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<tr>
<td><strong>DIRE DAWA:</strong> Tot in Budget Preparation and Management for the Dire Dawa Core Trainers – 4-Day Training Program</td>
<td>15</td>
<td>April 16 to 19, 2005</td>
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<tr>
<td><strong>AFAR:</strong> Region Wide Training in Budget Preparation and Management for Region Sector Bureau Budget Staff - 4-Day Training Program</td>
<td>126</td>
<td>April 19 to 22, 2005</td>
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<tr>
<td><strong>ADDIS ABABA:</strong> Tot in Budget Preparation and Management for the Addis Ababa City Administration Core Trainers – 4-Day Training Program</td>
<td>27</td>
<td>April 22 to 23, 2005</td>
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<tr>
<td><strong>GAMBELLA:</strong> Tot in Budget Preparation and Management for Gambela Region Core Trainers – 4-Day Training Program</td>
<td>22</td>
<td>April 22 to 25, 2005</td>
</tr>
<tr>
<td><strong>ADDIS ABABA:</strong> Training in Budget Preparation and Management for the Addis Ababa City Administration Staff – 4-Day Training Program</td>
<td>207</td>
<td>April 24 to 27, 2005</td>
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<tr>
<td><strong>GAMBELLA:</strong> Region Wide Training in Budget Preparation and Management for Region Sector Bureau Budget Staff - 4-Day Training Program</td>
<td>78</td>
<td>May 2 to 6, 2005</td>
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<tr>
<td><strong>HARARI:</strong> Training in Budget Preparation and Management for Harari Region Staff – 4-Day Training Program</td>
<td>79</td>
<td>May 9 to 12, 2005</td>
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<tr>
<td><strong>GAMBELLA:</strong> Region Wide Training in Budget Preparation and Management for Wereda and Zone Budget Staff - 4-Day Training Program</td>
<td>266</td>
<td>May 9 to 31, 2005</td>
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<tr>
<td><strong>SOMALI:</strong> Tot in Budget Preparation and Management for Somali Region Core Trainers – 4-Day Training Program</td>
<td>26</td>
<td>May 10 to 13, 2005</td>
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<tr>
<td><strong>DIRE DAWA:</strong> Training in Budget Preparation and Management for the Dire Dawa City Administration Staff – 4-Day Training Program</td>
<td>156</td>
<td>May 18 to 21, 2005</td>
</tr>
<tr>
<td>TRAINING ACTIVITIES – FEDERAL &amp; REGIONS</td>
<td>NUMBER OF PARTICIPANTS TRAINED</td>
<td>TRAINING PERIOD</td>
</tr>
<tr>
<td>---------------------------------------</td>
<td>-------------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td><strong>OROMIA:</strong> TOT in the Single Treasury Accounting System for Oromia Region Core Trainers – 4-Day Training Program</td>
<td>42</td>
<td>May 26 to June 2, 2005</td>
</tr>
<tr>
<td><strong>SOMALI:</strong> Region Wide Training in Budget Preparation and Management for Region Sector Bureau Budget Staff - 4-Day Training Program</td>
<td>170</td>
<td>May 31 to June 3, 2005</td>
</tr>
<tr>
<td><strong>AFAR:</strong> Region Wide Training in Budget Preparation and Management for Region Sector Bureau Budget Staff - 4-Day Training Program</td>
<td>703</td>
<td>May 19 to 29, 2005</td>
</tr>
<tr>
<td><strong>SOMALI:</strong> Region Wide Training in Budget Preparation and Management for Zone and Wereda Budget Staff - 4-Day Training Program</td>
<td>665</td>
<td>June 16 – 25, 2005</td>
</tr>
<tr>
<td><strong>Total Number of Government Staff</strong></td>
<td>4,246</td>
<td></td>
</tr>
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</table>
**ANNEX 3**

**NEW REPORTS PRODUCED DURING THE REPORTING PERIOD**

A. Accounts Reform

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<th>Code</th>
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1 A summary of all project reports to date is available from the DSA project office.


B. Budget Reform

<table>
<thead>
<tr>
<th>Code</th>
<th>Title</th>
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<tbody>
<tr>
<td>B-191</td>
<td>&quot;Somali Regional State – Budget Forms”, April 2005, [SOMALI VERSION]</td>
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</table>

E. Public Investment/Expenditure Reform

<table>
<thead>
<tr>
<th>Code</th>
<th>Title</th>
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<tbody>
<tr>
<td>P-68</td>
<td>&quot;Aide Memoire - Anaa Transfers in Oromiya” by Perran Penrose, May 2005</td>
</tr>
</tbody>
</table>
P-69  "Aide Memoire - SNNPR Wereda Transfers 1998" by Perran Penrose, June 2005

G. Training Strategy for Accounts, Budget, Public Investment/Expenditure Planning

<table>
<thead>
<tr>
<th>Code</th>
<th>Title</th>
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</table>


T-251  “Benishangul Gumuz Region Accounting System: Set of forms for Region Sector Bureaus.” May 2005


T-254  “Oromia Region Accounting System: Set of forms for Region Sector Bureaus.” May 2005


T-263  “Dire Dawa Administrative Council Accounting System: Set of Forms for Region Sector Bureaus.” May 2005

T-264  “Harari Region Accounting System: Case Solutions for Region Sector Bureaus – Trainer version 1.0.” May 2005

T-265  “Harari Region Accounting System: Training Module for Region Sector Bureaus – Trainee version 1.0.” May 2005

T-266  “Harari Region Accounting System: Set of Forms for Region Sector Bureaus.” May 2005


T-268  “Harari Region Accounting System: Set of Forms for Region Sector Bureaus.” June 2005 [AMHARIC VERSION]

T-269  “Oromia Region Accounting System: Set of Forms for Region Sector Bureaus.” June 2005 [OROMIFFA VERSION]


H. Miscellaneous Reports

<table>
<thead>
<tr>
<th>Code</th>
<th>Title</th>
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<tbody>
<tr>
<td>M-53</td>
<td>“Review of functionality of DSA applications; and, Report on treasury functional requirements to support drawing limits and zero based disbursement accounts”, May 2005</td>
</tr>
<tr>
<td>M-54</td>
<td>“Index of Project Documents”, June 2005</td>
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I. Project Quarterly Reports

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<thead>
<tr>
<th>Code</th>
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<tbody>
<tr>
<td>Q-32</td>
<td>“Report of Project Activities: January 1st to March 31st, 2004”, June 1st, 2005</td>
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### J. Information Technology

<table>
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### M. Outside Reports involving the DSA Project

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