

ETHIOPIA
HARMONIZATION ACTION PLAN
2004-2006

December 2004
Addis Ababa, Ethiopia

ACRONYMS

AFA	Annual Fiduciary Assessment
APR	Annual Progress Review
CFAA	Country Financial Accountability Assessment
CG	Consultative Group Meeting
CPAR	Country Procurement Assessment Report
CS	Civil society
CSA	Central Statistics Authority
CSR	Civil Service Reform Programme
DAC	Development Assistance Committee
DAG	Development Assistance Group
DBS	Direct Budgetary Support
EMC	Expenditure Management Programme
GOE	Government of Ethiopia
HAP	Harmonization Action Plan
HLF	High Level Forum
HTF	Harmonization Task Force
IFMIS	Integrated Financial Management Information System
JBAR	Joint Budget and Aid Review (replacing the PER etc.)
JBSM	Joint Budget Support Missions
LENPA	Learning Network on Programme-Based Approaches
M&E	Monitoring and Evaluation
MCB	Ministry of Capacity Building
MDBs	Multilateral Development Banks
MDGs	Millennium Development Goals
MoFED	Ministry of Finance and Economic Development
MOU	Memorandum of Understanding
NCB	National Competitive Bidding
OECD	Organization for Economic Co-Operation and Development
PER	Public Expenditure Review
PRSC	Poverty Reduction Support Credit
SDPRP	Sustainable Development and Poverty Reduction Programme
SPA	Strategic Partnership for Africa
UNCITRAL	United Nations Commission on International Trade Law
WMU	Welfare Monitoring Unit

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1.0 BACKGROUND ON THE HARMONIZATION AGENDA

The Government of Ethiopia completed its Sustainable Development and Poverty Reduction Strategy (SDPRP) in July 2002, integrating the Millennium Development Goals (MDGs) as the long-term vision. The SDPRP is the overarching umbrella for government policies, and donors have agreed to align their development assistance around it. Donors have also committed to work with Government on strengthening national capacity and over time align with government systems. Government is committed to enable the implementation of a comprehensive harmonization agenda, through enhancing its own systems and procedures. GOE and DAG recognize the crucial importance of strong national leadership in this process.

The 2002 UN Monterrey Conference on Financing and Development highlighted the importance of building partnerships among donors and developing countries as a means of making more effective progress towards the MDGs. It called for donors to intensify their efforts to harmonize their procedures so as to reduce transaction costs and make ODA disbursements and delivery more flexible by taking into account national development needs and objectives under the ownership of the recipient country.

Ethiopia participated in the International High Level Harmonization Forum in Rome in February 2003 as one of the pilot countries along with Vietnam and Jamaica. H.E. Dr. Mulu, State Minister of Economic Cooperation, MOFED, presented Ethiopia's case¹, indicating priority areas as being greater reliance on government systems for procurement, disbursement, monitoring and evaluation and reporting. More aid as budget support, multi-year funding and aligning policy dialogue with government cycles were also highlighted.

The joint GOE-DAG Task Force on Harmonisation had been established in November 2002, following a GOE hosted workshop on the burden of multiple donor procedures. The Government prepared the harmonisation agenda for the Consultative Group meeting held on October 2001. Leadership of the harmonization efforts are in the hands of the Ministry of Finance and Economic Development – Harmonisation Secretariat. The Task Force is expected to contribute towards achievement of more effective aid delivery benefiting the poor. The Task Force is mandated to develop a prioritised action plan for harmonization and work to operationalize the plan. The major areas will be: procurement and monitoring and evaluation.

At the same time, the Government of Ethiopia has undertaken a programme of decentralization to regions and districts. The decentralization will provide considerable fiscal and administrative autonomy to regions and districts. The GOE seeks to develop a comprehensive framework for harmonization, building on its own systems and procedures.

As a first step towards new donor-government working relations, and as a way of keeping each other mutually accountable for progress, it was felt crucial to put in place a reinvigorated partnership architecture around the SDPRP. The broad mechanism for enhanced policy dialogue consisting of quarterly high-level forums, a permanent secretariat based in the multilateral department of MOFED and joint subsidiary groups at sector level was agreed upon in 2003².

Preparation of country level action plan for harmonization, as recommended in the Rome Declaration, was the second major task for the joint GOE-DAG harmonization task force.

¹ Harmonization: Supporting the Poverty Reduction Effort, prepared for the High-Level Forum on Harmonization, Rome, Italy 24-25 February 2003, presented by H.E. Dr. Mulu Ketsela, Ethiopia. (ppt)

² Enhanced Mechanisms for Government-Donor Dialogue, April 2003

The action plan should be specific, prioritized and time-bound, comprehensive of all aid modalities – project, program and direct budget support. The action plan is a result of extensive discussions at the country level and also builds on international good practices in harmonization.

2.0 HARMONIZATION IN ETHIOPIA

2.1 Background

Multilateral and bilateral development partners apply different rules and procedures to the “release, use and accounting of funds channelled to support development projects and programs at the federal and regional levels. Furthermore, the multiplicity of the aid delivery mechanism employed by donors entails varied monitoring, evaluation and reporting modalities. As a result, a low level of disbursement, as observed over the years, characterizes development aid flow to Ethiopia. The country is now on the threshold of a new era; the need for improving the effectiveness of external support for the poverty reduction strategy remains a prime concern of the Ethiopian Government. The realization of the poverty reduction goals presupposes a substantial improvement in the level of disbursement.

Thus, moving towards budget support and harmonization of donors' procedures agreed in a number of global fora is a timely agenda for Ethiopia. If Ethiopia is to conduct effective planning, aid coordination and management, donors' procedures will need to be harmonized and aligned with the Government system. Therefore, rather than creating a parallel system for foreign assistance, development partners should adjust more to local procedures and where necessary help Ethiopia to bring its procedures and management capacities up to international standards.

The introduction of a harmonized system of aid administration will reduce the burden of fulfilling conditionalities by implementing agencies and enhance transparency and trust in accounting for the support provided.”³

2.2 Principles for donor harmonization

Coordination/harmonization principles are:

- Delivery of development assistance in accordance with Ethiopia's needs and priorities as outlined in the SDPRP
- Promotion of coordination and harmonization at all levels
- Working towards delegated cooperation among donors at country level where it is possible legally and administratively
- Improvement of information sharing and understanding of commonalities in policies, procedures and practices
- Review of the multiplicity of different donor missions, reviews, conditionalities and documentation with the aim of reducing transaction costs for the GOE
- Alignment with the GOE systems such as national budget cycles, financial systems, SDPRP/MDGs monitoring processes, where these provide reasonable assurances that cooperation resources are used for agreed purposes.

2.3 Key Processes for coordination and harmonization in Ethiopia

The Government of Ethiopia (GOE) is committed to implementing key processes, as essential enablers for aid harmonization and coordination, which donor partners will continue to support and work with.

These key processes are:

³ Partnership for Enhanced Aid Delivery, The Government of the Federal Democratic Republic of Ethiopia; Consultative Group Meeting, December 7-8, 2002, Addis Ababa. pp.1

- The SDPRP as an overall framework for national planning, priorities and interventions for development, poverty reduction and achievement of internationally agreed MDGs.
- Monitoring and tracking of progress of the SDPRP through sectoral and thematic groups, and an Annual Progress Report using the policy matrix and indicators.
- Improving information on and integration of donor activities into the Public Expenditure Review process as part of ensuring the budget preparation process is transparent, accountable, comprehensive, predictable and consultative, including the reporting of actual and planned financial flows.
- Public sector reforms including the following:
 - A Comprehensive Civil Service Reform Programme
 - Public expenditure management and procurement systems, including strengthening of the Auditor General's Office and the creation of a Procurement Directorate and enactment of a National Procurement Law;
 - Rationalization of roles, functions, size, costs of the public service in order to increase efficiency and improve service delivery; and
 - further development and implementation of the decentralization strategy
 - Development of structures for promoting and strengthening development coordination and harmonization in alignment with the SDPRP.

2.4 Donors' individualities

While recognizing the pressing need for harmonization of donor processes and procedures, it is essential to consider that all donors are different. Donors have different capacities, comparative advantages and preferences. Furthermore, different aid modalities respond to various objectives. Therefore donors and the GOE need to agree on an action plan for harmonization while realizing that donor's ability to move on all actions described below will vary greatly.

3.0 HARMONIZATION ACTION PLAN (HAP) FOR ETHIOPIA

3.1 Action Plan

The overall objective guiding the preparation of this action plan is to enhance aid effectiveness through aid harmonization and coordination, as a fundamental component of achieving poverty reduction and the Millennium Development Goals (MDGs) in Ethiopia. Both donors and the GOE agree that a comprehensive harmonization program is required. The programme needs to be approached as a multi-year process, based on a multi-year action plan, fitted within the evolving framework for the post-PRSP partnership between the Government and donors. Recent in-country forums on harmonization, created by the joint SPA/World Bank harmonization missions were very useful in asserting the need for harmonization.

One important aspect in this process is the harmonization of procedures involved in project/program-based assistance. It is also recognized that, instruments other than budget support will remain important in delivering the required amount of aid to the country in the foreseeable future. Therefore, the country would benefit if donors could: (1) take necessary steps to effect the realignment of their country assistance strategies in terms of timing and content, with the SDPRP (2) harmonize their institutional assessments, the rules they apply, and disbursement, reporting, procurement and auditing procedures relying increasingly on the Government's system and procedures and (3) provide capacity building support as necessary to help meet donor expectations and international standards.

The effort to harmonize should address all procedures in a phased manner. For this purpose, it is possible to think of a prioritized approach in dealing with the solutions. The major areas in this regard will be procurement, disbursement, reporting and project cycle activities.”⁴

In recognition of this, the OECD-DAC Guidelines recommend that donors simplify and harmonize their own systems until they can rely on the government systems,

As per the DAC Guidelines, harmonization of processes and procedures is required at various levels:

- Country analytic work and preparation of projects and programmes
- Measurement of performance in public financial management
- Monitoring, reporting and evaluation
- Financial reporting and auditing

Recognizing the magnitude of the harmonization challenges at these four levels, the GOE has identified, in the short term, its priorities based on its perception of highest gains through lowered transaction costs. They are:

- Procurement practices
- Reporting, Monitoring and Evaluation

In the medium term, the action plan will focus on disbursements, and country analytic work.

The SDPRP will guide the harmonization action plan. Its objectives are:

Impact Statement:

- Sustainable Development and Poverty Reduction in Ethiopia

Outcome Statements:

- Increased donor funds to support Ethiopia's SDPRP

⁴ Partnership for Enhanced Aid Delivery, The Government of the Federal Democratic Republic of Ethiopia; Consultative Group Meeting, December 7-8, 2002, Addis Ababa, pg ...

- Increased alignment of donor private action to SDPRP
- Increased predictability of donor assistance

“At present, each multilateral and bilateral donor in Ethiopia applies different rules and procedures in its approval, disbursement, procurement, monitoring and evaluation, and reporting systems. These, in turn, increase the transaction costs for Government and reduce the speed, efficiency and effectiveness of externally funded projects and programs. As a result, the overall level of disbursement *per capita* is low.

Therefore, if poverty reduction goals are to be met, the disbursement level of external resources must be improved. To attain this noble objective, both the Government and the donor side must take far-reaching measures.

Rather than establishing parallel systems for foreign aid, **working within Government systems** would substantially improve the effectiveness of resource utilization. Such an approach entails that support must be rendered to bring the procedures and management capacities of Government institutions up to international standards. A harmonized system of aid administration would considerably reduce the burden of fulfilling multiple donor conditionalities.⁵

3.2 Procurement Procedures

Challenges:

- Procurement procedures vary from one donor to another resulting in unnecessarily complicated and time-consuming processes
- Reaching agreement on single standardized procurement system

Civil Service Reform Program

The government had inherited a civil service that was engrossed with problems and weaknesses. Its orientation, attitude, ethical behavior and work practice were characteristically weak to allow effective and efficient government functions. Laws and regulations governing the management and control of public funds were cumbersome, personnel management practices and remuneration systems were out of date, the mechanisms of enforcing ethical codes were too weak.

Responding to this situation, an in-depth evaluation of the entire civil service was undertaken and the findings were reported by the task force mandated with the task to the Prime Minister's Office. The report identified problems facing the civil service and recommended a comprehensive approach for overhauling the civil service with five programs, namely:

- a) Expenditure Management and Control
- b) Human Resources Management
- c) Service Delivery
- d) Top Management System
- e) Ethics

Procurement reform under the Expenditure Management and Control (EMC) and specifically as a product of the Legal Framework project has been going on since 1996. The enactment of the Financial Law (Dec 1996) had provisions for public procurement, marking the beginning and leading to subsequent reforms in procurement.

⁵ Partnership for Enhanced Aid Delivery, The Government of the Federal Democratic Republic of Ethiopia; Consultative Group Meeting, December 7-8, 2002, Addis Ababa, pg ...

Relying on the GOE procurement procedures will have the advantage of reducing transaction costs and streamlining processes. A Country Procurement Assessment Report (CPAR) was completed in Ethiopia in June 2002. Since that time the GOE has remained committed to implementing the recommendations of the CPAR and has taken a number of steps to ensure that an efficient, comprehensive and transparent national procurement system will be in place by the end of 2004/05. The government has taken radical reform measures through the ongoing business process re-engineering to overhaul the procurement system of the country. The action plan has been drafted and are now being under implementation.

The Ethiopian government's procurement directive conforms to the United Nations Commission on International Trade Law (UNCITRAL) model on Procurement of Goods and Construction and Services. "Ethiopia's Procurement Directive is comparable to the procedures used by Multilateral Development Banks and many bilateral donors. A new procurement directive is being drafted which will accommodate the requirements of regional governments and donors. Relevant comments from the Country Procurement Assessment report (CPAR) incorporated."⁶

Ideally, the GOE, MDBs and bilateral donors will all adhere to the GOE procurement process. Numerous steps are being undertaken by the GOE to ensure transparency of its procurement process. While the GOE undergoes this reform, donors will be required to review their own requirements and assess the progress made by the GOE and eventually use the GOE processes especially for programme approaches but also at project level.

In summary, priority areas for harmonization of procurement procedures are:

Outcome: Increased transparency in procurement

Activities	Success Indicator	Timeframe	Responsible/Co-la-borating Agencies
Implement Action Plan of the procurement reform program (which fully takes account of recommendations made in the CPAR) towards strengthening the existing procedures	-Action plan and progress analyzed Quarterly in the Harmonization Task Force	On-going	MoFED
Adopt GOE procurement system as fulfillment of commitment towards harmonization a) Adopt GOE system b) Adopt PIM c) Align and simplify	Reflect the use of the system in newly drawn action plan for project/program execution	2004/05	Donors
Review by individual donors of in house Procurement Regulations, with assessments of commonalities and divergences between these and GOE policy	summary document produced -Review and amendments by donors	Aug 2004	Donors

3.3. Reporting, Monitoring and Evaluation (including missions)

Challenges:

⁶ Partnership for Enhanced Aid Delivery, The Government of the Federal Democratic Republic of Ethiopia; Consultative Group Meeting, December 7-8, 2002, Addis Ababa, pg ..

- Donors are required to report on the use of funds. Reporting and monitoring provides a) essential data and insights for drawing lessons, priority settings and forward planning; b) offers assurance that funds are used for agreed purposes; and c) supplies information on whether a policy, development strategy, programme or project is being implemented as planned and is reaching its objectives.
- It is important to identify ways to enhance reporting, monitoring and evaluation while alleviating its burden on the GOE.

A Country Financial Accountability Assessment (CFAA) of Ethiopia was completed by the World Bank and other donors in June 2002. The CFAA is a diagnostic tool to enhance knowledge of public financial management and accountability systems. A detailed Action Plan was produced. In addition, the GOE issued a Financial Calendar Directive which donors will hopefully adhere to.

In the context of the overall framework of the SDPRP and the MDGs, the GOE is committed to a strengthened, transparent and broad-based monitoring and evaluation (M&E) system which is based on high quality, integrated and widely used data and analysis. A well functioning, broad based and transparent M&E system is essential to enhance the impact of evidence based development programmes and policies. Well-functioning M&E systems are also increasingly considered as necessary instruments for more effective development assistance, even more so in view of donor harmonization around Government systems and the use of new modalities such as DBS.

An effective M&E system should be *comprehensive* and cover all aspects. The data should be *reliable* and *relevant*.

Need to agree on common reporting procedures: "Donors co-financing a discrete set of activities – whether defined project, sector, or budget support – should work towards agreeing, in consultation with partner countries, on common formats, contents and frequency for a single periodic report that meets the needs of all partners. The reports should cover all of the activities in the defined area, and meet the information needs of key stakeholders in the country as well as individual donors."⁷ In Ethiopia:

- A policy matrix of indicators and targets was formulated for the SDPRP.
- An M&E action plan has been developed with identified immediate and longer-term requirements for strengthening the system. The M&E action plan is comprehensive and provides an overall framework for the common framework.

In summary, priority areas for harmonization of reporting, monitoring and evaluation will be:

Outcome: Improved Reporting, Monitoring and Evaluation system in place agreed to and in use by committed donors

Activities	Success Indicator	Timeframe	Responsible/Collaborating Agencies
Achieve comprehensive acceptable reporting & monitoring systems on basis of GOE systems	Reporting & monitoring systems reviewed for acceptability		Donors
Raise the quality of essential data used for M&E through capacity building and provision of fund	More disaggregated data available	Oct 2004	Donors and MoFED

⁷ OECD DAC Chapter 4 pg 61

Align with GOE M&E system	Reliance on the GOE M&E system	Jan 2005	Donors
Rationalize review missions	Joint missions	July 2004	Donors and MOFED

3.4 Financial Reporting and Disbursement Procedures

Challenges:

- Good financial reporting is critical to the effective implementation of development programmes and to accountability in the use of development resources
- Independent audits by appropriately qualified auditors provide assurances of the reliability of financial reports and that aid is used for the intended purposes.

Donors have been building separate frameworks for identifying areas of intervention in Ethiopia. As a result, disbursement flows are unfortunately not aligned with the government's planning and review cycles. It is recognized that to enhance Ethiopia's macroeconomic management, donors need to time align their commitments with the GOE budget cycle. There is a need for donors to provide resources in a predictable and multi-year basis.

Financial management systems will be required to ensure that reports needed are produced in a timely manner and that internal control systems are operational and strong. The World Bank uses the CFAA as a diagnostic tool for financial systems.

The GOE has undertaken a comprehensive Civil Service Reform Programme. The CSRP includes a comprehensive Expenditure Management and Control (EMC) sub-program.

The objective of the Expenditure Management and Control (EMC) is that Federal, Regional and Local governments be governed by a comprehensive and complete legal framework for civil service financial management and control. Furthermore, the EMC will ensure that operated budgetary systems will allow an informed and rational annual and medium term resource allocation that reflect the GOE objectives and priorities. The EMC will provide an improved accountability to elected representatives; operate proper arrangements for the acquisition, safeguard and control of cash, financial and physical assets. Finally, the EMC will also focus on ensuring that personnel have improved financial skills.

EMC activities include:

- *The Legal Framework Project:* Addressing the development of a comprehensive financial framework in line with devolution of power to lower tiers of administration.
- *The Public Investment and Expenditure Project:* Developing and implementing a medium-term (3 years) investment and expenditure plans.
- *The Budget Reform Project:* Improving budget preparation, management and monitoring.
- *The Accounts Reform Project:* Clearing backlog accounts and introducing an expanded accounting system. The backlog has already been reduced from 4-5 years to 1-2 years. The reform will also address budget control, cash control and accountability issues.
- *The Cash Management Reform Project:* Establishing a proper cash management system in the civil service.
- *The Information Systems Project:* Intensifying IT use by public bodies.
- *The Internal Audit Project:* Modernizing internal audit practice in public bodies.
- *The External Audit Project:* Developing modern external audit practices in Federal and Regional Audit Offices.

- *The Development of Accounting and Auditing Professions Project*: Project document being prepared to develop accounting and auditing skills in the country.

“The various activities so far undertaken by the different projects of EMC have proved that the sub-program moved quite a considerable distance in its endeavor to fulfill the objective for which it was established. Upon full implementation of the proposed tasks of each project in the near future, the country will be in a position to possess proper public finance management system in general and the system of management and control of public expenditures in particular.”⁸

Delays in disbursements are caused by, among other things:

- the complexity of procurement modes specified in project agreements
- approval requirements for most procurement actions
- special account arrangements and the replenishment arrangements
- formalities and procedures associated with disbursement applications

In summary, priority areas for financial reporting and disbursement procedures are:

Outcome: GOE created an effective framework for aid data reporting (and number of Missions) and analysis

Activities	Success Indicator	Timeframe	Responsible/Collaborating Agencies
Implement Action Plan of the reform in EMC sub-program (which includes recommendations in the CFAA) to enable donor harmonization around GOE procedures	CFAA successfully implemented	Phase I 2005	MoFED
Endorse progressively the use of GOE system in project/program support & reports correspondingly	Complacency with the quality and frequency of reports of the GOE	2005	Donors
Undertake Joint Budget Support Missions (JBSM)	-A signed MOU b/n the Gov't and donors -Multiyear funding commitment	May 2005	Donors and MoFED
Agree and disburse financial commitments in the form of DBS	50% of financial assistance in DBS form	2004/05	Donors
Provide support through sector programs	MOU for pool funding	2005	Donors & MOFED
Agree on donor- to-donor working arrangements adopting common rules and procedures acceptable to GOE	Cooperation with other donors		Donors

3.5 Country Analytic Work and Preparation of projects and programmes

Challenges:

- Good analytic work is essential for well-focused policy and programmes. Donors need to assist the GOE to raise quality, coverage, consistency, transparency and relevance of analytic work to policy development and reform.

⁸ OECD-DAC Guidelines and Reference Series: Harmonizing Donor Practices for Effective Aid Delivery, OECD 2003, pg ii

- Donors have a role in ensuring effective dissemination of analytic work by helping the GOE ensure results of analytic work are widely available and accessible.
- The GOE requires access to analytic work and to understand its results in order to effectively inform evidence-based policy making.

In summary, priority areas for harmonization of country analytic work and preparation of projects and programmes are:

Outcome: Increased effectiveness in programmes and project analysis and planning

Activities	Success Indicator	Timeframe	Responsible/Collaborating Agencies
Undertake joint analytic work	Increased number of participation of GOE in analytical work		Donors
Build the analytical capacity of GOE in various aspects of capacity building	Local/foreign composition of teams for analytic work		Donors and MoFED

4 DETAILED ACTIVITIES OF THE HARMONIZATION ACTION PLAN

The Harmonization Action Plan for Ethiopia is detailed in the next pages. Presented in a table format, the HAP provides information in these categories:

- Objective
- Activities (refers to a list of actions to be undertaken to meet the overall outcome)
- Time Frame (refers to the suggested timeframe for completion of the activity)
- Responsible / Collaborating agencies (governments, donors)
- Success Indicator (refers to an indicator that will allow for a measure of success for completion of the activity)
- Status (This column will allow for periodic progress review on a given activity)

Four tables are presented. They are:

Table A	Procurement Procedures
Table B	Reporting, Monitoring and Evaluation (incl. missions)
Table C	Financial Reporting and Disbursement Procedures
Table D	Country Analytic Work and Preparation for Projects and Programmes

TABLE A. PROCUREMENT PROCEDURES

Outcome: Increased transparency in procurement

Activities	Status	Success Indicator	Timeframe	Responsible/Collaborating Agencies
A1. Implement Action Plan of the procurement reform program (which fully takes account of recommendations made in the CPAR) towards strengthening the existing procedures.		Action plan and progress analyzed quarterly by the Harmonization Task Force	Quarterly	MoFED
A1.1 Establish the new Procurement Agency		Operationalization of the Directorate	May/June 2005	MoFED
A1.2 Promulgate and implement the new procurement law at federal level	Done	Law promulgated	Dec 2004	MoFED
A1.3 Adapt the new procurement law at regional level		4 regions have adapted the new law	July 2005	MoFED
A1.4 Draft Standardized Procurement Documents based on the requirements of GOE and international Best Practices.		Fund Secured & consultant hired, Document drafted and finalized	Jan 2005	MoFED
A1.5 Revise the Procurement Directives		Directives Issued	Jan/Feb/Mar 2005	MoFED
A1.6 Produce and Disseminate revised Directives and Standard Bidding Documents		Circulation of procurement Directives and Standard Bidding Documents	April 2005	MoFED
A1.7 Conduct Workshop for public bodies on new Procurement Law, Directives and Standard Bidding Documents		Training Provided	April 2005	MoFED
A1.8 Undertake study on feasibility of a web-based site where upcoming procurements could be advertised in advance, depending on the		-Consultant hired/ team appointed -Cost assessment provided	Feb 2005	MoFED with assistance of World Bank

Activities	Status	Success Indicator	Timeframe	Responsible/Collaborating Agencies
thresholds. This would enable companies and NGOs from donor countries to participate in these opportunities, thus fostering greater openness and transparency.		-Report produced		
A2. Align with Government procurement procedures				Donors
A2.2. Initiate discussions with HQ on procurement procedures		Feedback from HQ	February 2005	Donors
A 2.3. Individual Donor reviews of in house Procurement Regulations , with assessments of commonalities and divergences between these and GOE policy		Document from each Donor produced with summary of findings	March 2005	Donors
A2.4. Examine rules and procedures to identify which can be more flexible, simplified or modified to be in line with the action plan		harmonization reflected in action plan drawn for project/program execution	March 2005	Donors
A2.5. Examine options to intensify delegated cooperation		Programmes have been examined to determine potentials for delegated cooperation	June 2005	Donors
A2.6. Use delegated cooperation more frequently		Procedures for delegated cooperation have been simplified		Donors
A2.7. Consolidated Analysis/Assessment of Procurement Policies conducted (by Donors as a basis for Harmonization of Donor practices with new GOE policy)		Summary document produced	Six month after enactment of procurement legislation	Donors
A2.8. Adopt GOE procurement system progressively over time		Donor procedures	December 2005	Donors

Activities	Status	Success Indicator	Timeframe	Responsible/Collaborating Agencies
A2.9. Train donor staff on new procedures		Workshop on procedures conducted	January 2006	Donors

TABLE B. REPORTING, MONITORING AND EVALUATION (including missions)

Outcome: Improved Reporting, Monitoring and Evaluation system in place agreed to and in use by committed donors

Activities	Status	Success Indicator	Timeframe	Responsible/Collaborating Agencies
B1. Rely and Build on GOE systems				
B1.1 Finalize the CSA/WMU proposal on strengthening data collection, analysis and dissemination on welfare monitoring and the MDGs	Done	Proposal submitted	April 2004	MoFED
B1.2. Undertake a M&E Workshop to clarify global M&E Framework including GOE, Donor and Civil Society elements	Done	-Date set -Invitations Circulated -Commitments to Attend -Documents for circulation/discussion collected/copies available -Workshop Conducted -Report on workshop disseminated (lessons learned)	May 2004	MoFED and UNDP
B1.3. Review of CSA/WMU proposal in light of recommendations and identified areas for strengthening	Done	Reporting & monitoring systems programme reviewed for acceptability	July 2004	Donors
B1.4 Improve the GOE systems , where appropriate and as reflected in the SDPRP M&E Action Plan	Ongoing	GOE requests for support approached constructively	Sept. 2004 onwards	Donors and MoFED
B1.5 Simplify donor reporting & monitoring requirements to bring in line with GOE systems		-Reporting & monitoring requirements reviewed	March 2005	Donors

Activities	Status	Success Indicator	Timeframe	Responsible/Collaborating Agencies
		-Need for reporting & monitoring missions reviewed		
B2. Coordinate reporting and monitoring systems				
B2.1 Collaborate on development of a joint monitoring and evaluation system for the SDPRP framework	Work in progress	Joint M & E system elaborated	July 2005	Donors and MoFED
B2.4 Agree on common reporting, monitoring & evaluation formats and timetable based on GOE systems	Work in progress	Common or similar formats and timetable for reporting and M&E in multi-donor activities	July 2005	Donors and MoFED
B3. Funding and Resource Allocation for M&E Framework		Donor contribution to improvements in quality of essential data		
B3.1 Provide consolidated response to CSA/WMU proposal ensuring comprehensiveness, reliability and relevance of the data to be collected	Done	Consolidated response provided by donors Joint MOU signed	June 2004	Donors
B3.2 Raise the quality of essential data used for M&E to ensure reliability	Ongoing		Ongoing	MoFED and Donors
B3.2.1 Determine capacity building requirement (is this any different from the CSA/WMU proposal?)	Ongoing	-Capacity building requirements assessed -Donors provide support	Ongoing	MoFED
B4 Harmonized and aligned System				

Activities	Status	Success Indicator	Timeframe	Responsible/Collaborating Agencies
B4.1. Provide DAG group with a format for consideration.		Format with DAG	January 2005	MoFED
B4.2. Review common reporting format and provide feedback to GOE.		Feedback received	March 2005	Donors
B4.3. Use common or similar reporting formats in programs/projects in the same sector		Reporting formats used by donors with projects in same sector	March 2005	Donors
B4.4. Delegate particular monitoring and reporting tasks to donors best able to do them		Common Monitoring and Reporting	May 2005	Donors and MoFED
B4.5. Align with the GOE M&E System		Rely on the GOE system	June 2005	Donors
B5. Rationalize review missions				
B5.1 Agree that during certain period of the year no donor missions will take place		Reduced number of missions	January 2005	MoFED and Donors
B5.2 Undertake common reporting missions for multi-donor activities		Joint monitoring missions	January 2005 onwards	Donors
B5.3 Circulate calendar of missions to avoid duplication and pursue synergy		Calendar of missions shared	January 2005	Donors
B5.4 Maintain an electronic calendar of missions		Electronic system in place	January 2005	DAG
B6. Participation in OECD/DAC work to enhance M&E				
B6.1 Identify lessons learned from experience in other countries for application in Ethiopia		Lessons learned identified	As required	Donors
B6.2 Provide lessons learned from Ethiopian M&E experience		Lessons learned identified	As required	MoFED and Donors
B6.3 Participate in international fora and events		Report of participation completed	As required	MoFED

Activities	Status	Success Indicator	Timeframe	Responsible/Collaborating Agencies
B7. Monitor M&E system adequacy related to APR production				
B7.1 Asses and refine operational application of indicator matrices (SDPRP, PRSC/DBS, sectoral and thematic)	Done			MoFED and Donors
B7.2. Asses current overall adequacy of M&E system to meet APR requirements	Done			MoFED and Donors
B7.3. Provide views on APR contents and agree on APR format using indicator matrix	Done	Reviewed APR format	Aug. 2004	Donors
B7.4. Test M&E system by producing and presenting interim APR process and dialogue with donors	Done		Oct. 2004	MoFED
B7.5. Review and refine the policy matrix on annual basis	Ongoing	Revised policy matrix	Continuous	MoFED and Donors
B7.6. Prepare and present draft APR 2004 based on GOE/Donor agreed format	Under prep.	APR produced	January 2005	MoFED
B7.7. Organize / attend meeting to review APR	Under prep.		January 2005	MoFED, Donors and other stake holders
B8. Use Aid Management Platform (AMP) as a common and similar report format		- Donors report disbursement - MoFED report expenditure	June 2005	MoFED, Donors
B8.1. Provided financial support for AMP establishment		Available finance	January 2005	Donors
B8.2. Finalise the establishment AMP		Functional AMP	June 2005	Development gateway
B8.3. Donors start provide disbursement report using AMP		Disbursement report in AMP	June 2005	Donor
B9. Monitor the implementation of Harmonization action plan on regular basis		Review meeting held - Minutes produced	Continuous	MoFED, Donors

Activities	Status	Success Indicator	Timeframe	Responsible/Collaborating Agencies
B9.1. Prepare biannual reports on the implementation of HAP		Report produced	Continuous	MoFED, Donors
B9.2. Review the progress of HAP on biannual basis at the HLF meeting		Bi annual meeting held	Continuous	MoFED, Donors

TABLE C. FINANCIAL REPORTING AND DISBURSEMENT PROCEDURES

Outcome: GOE created an effective framework for aid data reporting (and number of Missions) and analysis

Activities	Status	Success Indicator	Timeframe	Responsible /Collaborating Agencies
C1. Implement Action Plan of the Expenditure management and Control (which fully takes into account of the recommendations made in the CFAA) to enable donor harmonize around GOE procedures		Action plan and progress analyzed quarterly		MoFED
C1.1 Develop a financial calendar with defined and scheduled budget tasks	Done	Financial calendar defined	March 2004	MoFED
C2. Simplify donor procedures; undertake joint missions to review procedures and develop guidelines		-Simplified and agreed common Procedure	1 st quarter 2005	Donors
C3. Undertake joint missions				
C3.1 Conduct annual fiduciary assessment		AFA study report		
C3.1.1 Finalize TORs		TORs finalized	May 2005	MoFED, WB, Donors
C3.1.2 Procure consultants		Consultants hired	May 2005	MoFED, WB, Donors
C3.1.3 Finalize financing of the study		Funding available	May 2005	WB, Donors
C3.1.4 Undertake field work			July 2005	MoFED, WB, Donors
C3.1.5 Provide comments on the study		Comments provided	Aug 2005	MoFED, WB, Donors
C3.1.6 Finalize and present report at meeting		Final AFA report	Sept 2005	MoFED, WB, Donors
C3.2. Conduct joint Budget and aid review		AFA study report		
C3.2.1 Finalize and agree on TORs	Done merge with following points ?	TORs finalized	June 2004	World Bank and Donors
C3.2.2 Procure consultants		Consultants hired	June 2005	MoFED, World Bank/Donors
C3.2.3 Finalize financing		Funding available	June 2005	World Bank and Donors

Activities	Status	Success Indicator	Timeframe	Responsible /Collaborating Agencies
C3.2.4 Undertake field work			Aug-Sep2005	World Bank and Donors
C3.2.5 Providing comments on the study		Comments provided	Oct 2005	World Bank and Donors
C3.3 Conduct joint budget support/PRSC review		Joint Aide Memoir	October 2005	Donors and MOFED
C.4. Develop an Integrated Financial Management Information System (IFMIS) and train the staff of both federal and regional institutions		-Fund secured from donors for developing the system -Operational IFMIS	2005/06	MoFED and Donors
C4.1 Develop a document to guide budget support donor behaviors. The document will allow flexibility for donor response to the same situation		A signed agreement on modus operandi	2005	Budget Support Donors
C4.2 Make multi-year funding commitments to enable GOE to plan its medium term macro-economic fiscal projections		Evidence of multi-year funding commitments	Jan. 2005	Donors
C4.3 Agree on legal framework for pooling funds	On going	Legal framework agreed	2005	Donors
C5. Agree on audit standards, regulations and procedures		Agreed audit regulations & procedures available	2005	Donors
C6. Agree on the use of the Auditor General of Ethiopia for joint financial, management and performance audits	?	Stream lined audit exercise	Dec. 2004	Donors
C6.1 Develop and implement the internal audit reform (EMC activity)		Revised internal audit manual in place		MoFED
C6.2 Develop and implement the external		Revised external		MoFED

Activities	Status	Success Indicator	Timeframe	Responsible /Collaborating Agencies
audit reform (EMC activity)		audit manual in place		
C7. Agree on a common financial reporting procedures		Established financial reporting procedure	2005	Donors and MoFED
C8.1 Streamline and coordinate reporting requirements between donors			2005	Donors
C8.2 Agree with other donors on common acceptable GOE financial reports		-Programmes have standard financial reporting format -Projects have standard financial reporting formats	2005	Donors
C8.3 Agree with the GOE on mutually acceptable common financial reporting requirements		-Programmes adopt PIM for financial report -Projects have standard financial reporting formats	2005	Donors and MoFED
C9. Provide accurate and timely projections in the required format		Statement of aid flows submitted by donors to GOE	2005	Donors

TABLE D. Country Analytic Work and Preparation of projects and programmes
Outcome: Increased effectiveness in programmers and project analysis and planning

Activities	Status	Success Indicator	Timeframe	Responsible/ Collaborating Agencies
D1. Sharing of donors analytical tools with other donors, GOE and other interested groups	Ongoing	Change in availability of documents from donors Reduction in overlap among tools	June 2004 onwards	Donors
D1.1 Promote info sharing through the participation on the WB Country Analytic Work website	Ongoing	More inf. on the tools	July 2004 onwards	Donors
D1.2 Prepare donor programmes in cooperation with other donors and GOE	Ongoing (any particular examples of good practice?)	Donor programmes linked to the SDPRP Complimentarily among prog. increased	July 2004 onwards	Donors and MoFED
D2. Seek opportunities to involve GOE partners in analytic work so as to build GOE capacity	Examples (JBAR, ..?)	Local/foreign composition of teams for analytic work	July 2004 onwards	Donors
D3. Seek opportunities to involve GOE partners in project design so as to develop the GOE capacity to undertake such work		Evidence of partner countries increased input in project design	July 2004 onwards	Donors
D4. Provide support to GOE to build analytical capacity in various aspects				
D5. Provide assistance to strengthen and support the HLF and enable it to conduct	Ongoing	- Well established Secretariat	October 2004	Donors

studies or case studies useful as input to the operationalization of harmonization			onwards	
D6. Move to joint analytical work at Sectoral/ thematic level and create mechanism of sharing experiences among sectoral/ thematic groups	ongoing	<ul style="list-style-type: none"> - Joint analytical report - Availability of document - Agreed work plan for joint analytical work 	Continuous	Donors, Subsidiary groups, Govt.