

PROJECT APPRAISAL REPORT (PAR)

1. PROJECT NO. 663-11-750-158	2. PAR FOR PERIOD: 1/8/70 TO 2/28/71	3. COUNTRY Ethiopia	4. PAR SERIAL NO. 71-3
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3. PROJECT TITLE

Government Budgetary Practices

6. PROJECT DURATION: Began FY 70 Ends FY 75	7. DATE LATEST PROP 2/19/69	8. DATE LATEST PIP 10/21/70	9. DATE PRIOR PAR None
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10. U.S. FUNDING	a. Cumulative Obligation Thru Prior FY: \$ 212,000	b. Current FY Estimated Budget: \$ 140,000	c. Estimated Budget to completion After Current FY: \$ 285,000
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11. KEY ACTION AGENTS (Contractor, Participating Agency or Voluntary Agency)

a. NAME	b. CONTRACT, PASA OR VOL. AG. NO.
Public Administration Service	Contract 663-151-7

I. NEW ACTIONS PROPOSED AND REQUESTED AS A RESULT OF THIS EVALUATION

A. ACTION (X)			B. LIST OF ACTIONS	C. PROPOSED ACTION COMPLETION DATE
USAID	AID/W	HOST		
		X	1. AG must communicate his continued support of project purpose to other elements of IEG.	6/30/71
		X	2. AG must fill existing personnel vacancies in supervisory auditing posts with qualifiable people.	12/31/71
		X	3. AGO should assure utilization of training provided to its personnel.	6/30/75
		X	4. AGO should present proposal for professional pay scale and allowances for professional employees.	6/30/72
X		X	5. AGO, PAS and USAID should arrange for short-term U.S. training for selected audit supervisory personnel.	12/31/71

D. REPLANNING REQUIRES						E. DATE OF MISSION REVIEW	
REVISED OR NEW:	<input type="checkbox"/> PROP	<input type="checkbox"/> PIP	<input type="checkbox"/> PRO AG	<input type="checkbox"/> PIO/T	<input type="checkbox"/> PIO/C	<input checked="" type="checkbox"/> PIO/P	March 24, 1971
PROJECT MANAGER: TYPED NAME, SIGNED INITIALS AND DATE				MISSION DIRECTOR: TYPED NAME, SIGNED INITIALS AND DATE			
Leonard D. Hagerty				Roger Ernst			

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II. PERFORMANCE OF KEY INPUTS AND ACTION AGENTS

A. INPUT OR ACTION AGENT CONTRACTOR, PARTICIPATING AGENCY OR VOLUNTARY AGENCY	B. PERFORMANCE AGAINST PLAN							C. IMPORTANCE FOR ACHIEVING PROJECT PURPOSE (X)					
	UNSATISFACTORY		SATISFACTORY			OUT-STANDING		LOW	MEDIUM			HIGH	
	1	2	3	4	5	6	7	1	2	3	4	5	
1. Public Administration Service					X								X
2.													
3.													

Comment on key factors determining rating

Contractor has performed at the superior level in terms of his planning and management of his efforts and understanding of the project's purpose. The technical qualifications of his staff (3 men) and his responsiveness to AID direction have also been superior. There have been no negative factors.

4. PARTICIPANT TRAINING	1	2	3	4	5	6	7	1	2	3	4	5
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Comment on key factors determining rating

Not applicable

5. COMMODITIES	1	2	3	4	5	6	7	1	2	3	4	5
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Comment on key factors determining rating

Not applicable

6. COOPERATING COUNTRY	a. PERSONNEL	1	2	3	4	5	6	7	1	2	3	4	5
	b. OTHER				X								

Comment on key factors determining rating

While there have been some negative personnel factors (e.g. lack of staff continuity and adequate pay and allowances), corrective action has been or is being undertaken.

Performance in all Other Factors has been "As Planned" with two exceptions of which the cooperating country and contractor are both aware; corrective action is being planned.

7. OTHER DONORS	1	2	3	4	5	6	7	1	2	3	4	5
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(See Next Page for Comments on Other Donors)

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II. 7. Continued: Comment on key factors determining rating of Other Donors

Not applicable

III. KEY OUTPUT INDICATORS AND TARGETS

A. QUANTITATIVE INDICATORS FOR MAJOR OUTPUTS		TARGETS (Percentage/Rate/Amount)					END OF PROJECT
		CUMU- LATIVE PRIOR FY	CURRENT FY 71		FY 72	FY 73	
			TO DATE	TO END			
2. 36 AG auditors qualified and/or enrolled in professional accounting society.	PLANNED	0	0	0	10	20	100
	ACTUAL PERFORMANCE	0	0				
	REPLANNED			0	10	20	100
3. 50 employees from other Government organizations qualified and/or enrolled in the professional society	PLANNED	0	0	0	10	25	100
	ACTUAL PERFORMANCE	0	0				
	REPLANNED			0	10	25	100
4. All required financial reports prepared & submitted accurately and on timely basis (within prescribed 15 and 30 days) to Ministry of Finance.	PLANNED	0	20	30	50	80	100
	ACTUAL PERFORMANCE	0	20				
	REPLANNED			30	50	80	100
5. Published annual financial statements approved by AG	PLANNED	25	40	50	60	75	100
	ACTUAL PERFORMANCE	25	40				
	REPLANNED			50	60	75	100
B. QUALITATIVE INDICATORS FOR MAJOR OUTPUTS		COMMENT:					
1. Published audit manual in use by all AG auditors.		Audit manual outlined based on field experience during initial contract period. Portions of manual currently in use on demonstration basis. Expect full use by end of project.					
2. Office of the AG staffed by Ethiopian professional auditors.		COMMENT: Adequate numbers of staff currently on board. Formal and informal on-the-job training programs have been initiated and will be continued during the life of the project.					
3.		COMMENT:					

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IV. PROJECT PURPOSE

A. 1. Statement of purpose as currently envisaged. 2. Same as in PROP? YES NO

To enhance the IEG's capacity for financial management and administration through professionalization of auditing and governmental accounting.

B. 1. Conditions which will exist when above purpose is achieved.	2. Evidence to date of progress toward these conditions.
<p>1. Implementation of sound accounting systems by 3/4 (measured in terms of dollar volume) of all ministries and independent Government departments based on the financial and accounting regulations issued jointly by the Ministry of Finance and the Auditor General.</p> <p>2. Implementation of Auditor General-approved accounting systems by all chartered bodies and share companies in which the Government has substantial investment.</p> <p>3. Adequate annual professional audit coverage, by dollar volume (75%), of Government revenues and expenditures.</p> <p style="text-align: center;">(continued, Page 5)</p>	<p>1. Financial and accounting regulations have been issued in draft to all ministries and independent Government departments. They are in use in varying degrees on test basis.</p> <p>2. AG-approved accounting systems are in use by approximately 40% of affected agencies.</p> <p>3. Contractor supervised audits have been conducted to demonstrate professional audit techniques.</p>

V. PROGRAMMING GOAL

A. Statement of Programming Goal

To enable IEG to more effectively use the resources available to the public sector and thereby contribute to successful implementation of the Third Five Year Plan (TFYP).

B. Will the achievement of the project purpose make a significant contribution to the programming goal, given the magnitude of the national problem? Cite evidence.

Yes. This project will assist in directing the allocation of resources to priority development objectives on a timely basis in accordance with approved budgets and will contribute toward the achievement of receipt and expenditure targets as reflected in annual budgets.

PROJECT LOGICAL FRAMEWORK

Project Title: Government Budgetary Practices

Evaluation for Period: 1/8/70 - 2/28/71

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	IMPORTANT ASSUMPTIONS	MEANS OF VERIFICATION
<p><u>Program or Sector Goal:</u></p> <p>To enable IEG to use more effectively the financial resources available to the public sector and thereby contribute to successful implementation of the Third Five Year Plan (TFYP).</p>	<p><u>Measures of Goal Achievement:</u></p> <ol style="list-style-type: none"> 1. Achievement (within 10%) of TFYP receipts targets as these are re-fined and reflected in annual budgets. 2. Achievement (within 10%) of TFYP expenditure targets as these are delimited by receipts and borrowings. 3. Timely availability of budgeted funds to operating agencies for implementation of approved activities. 4. Allocation of resources to priority development objectives as these are reflected in the TFYP. 	<ol style="list-style-type: none"> 1. Maintenance of IEG commitment to economic development as reflected in the TFYP. 2. Maintenance of adequate level of external donor assistance. 3. Timely utilization of available donor resources. 4. Targeted improvements in related receipts and expenditure management & administration all be met. 	<ol style="list-style-type: none"> 1. Review of IEG financial statements. 2. Review of Ministry of Finance budget allocation records.
<p><u>Project Purpose:</u></p> <p>To enhance the IEG's capacity for financial management and administration through professionalization of auditing and governmental accounting.</p>	<p><u>Conditions Expected at End of Project:</u></p> <ol style="list-style-type: none"> 1. Implementation of sound accounting systems by 3/4 (measured in terms of dollar volume) of all ministries and independent government departments based on the financial and accounting regulations issued jointly by the Ministry of Finance & the AG. <p>(continued Page 2)</p>	<ol style="list-style-type: none"> 1. Suitable people will be available and assigned to responsible financial positions throughout the IEG. 2. Acceptance of the value of & need for professionalization of auditing & government accounting by policy level authorities of the IEG. 	<ol style="list-style-type: none"> 1. Review of AG audit reports. 2. Review of AG internal reports. 3. Review of professional society registration documents.

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	IMPORTANT ASSUMPTIONS	MEANS OF VERIFICATION
	<p><u>Conditions Expected at End of Project (continued):</u></p> <ol style="list-style-type: none"> 2. Implementation of AG approved accounting systems by all chartered bodies & share companies in which the Government has substantial investment. 3. Adequate annual professional audit coverage, by dollar volume (75%), of Government revenues & expenditures. 4. Reduction by individual ministries, independent government departments, chartered bodies & share companies in which the Government has substantial investment, of number of deficiencies requiring negative comments in successive audits. 5. Existence of national professional accounting society which sets its own minimum adequate standards for qualification for membership. 		
<p><u>Outputs:</u></p> <ol style="list-style-type: none"> 1. Implementation of professional level auditing standards and procedures by Office of AG. 2. AGO systems analysis group capable of rendering assistance to Government agencies in maintaining & improving financial management systems. <p>(continued Page 3)</p>	<p><u>Magnitude of Outputs:</u></p> <ol style="list-style-type: none"> 1. Published audit manual in use by all AG auditors. 2. 36 AG auditors qualified and/or enrolled in professional accounting society. 3. 50 personnel from other Government organizations qualified and/or enrolled in the professional society. <p>(continued Page 3)</p>	<ol style="list-style-type: none"> 1. Existence of cooperative working relationships among the AG office and its clients. 2. Sufficient numbers of people willing to accept authority of professional society by participating in its qualification procedures. 	<ol style="list-style-type: none"> 1. Review of professional society membership records. 2. Review of audit reports. 3. Review of required statements & reports.

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	IMPORTANT ASSUMPTIONS	MEANS OF VERIFICATION
<p><u>Outputs (continued):</u></p> <p>3. Qualifications for membership in professional accounting society held by AGO personnel.</p> <p>4. Qualifications for membership in professional accounting society held by officials of ministries, independent government departments, chartered bodies and share companies in which the government has substantial investment.</p>	<p><u>Magnitude of Outputs (continued):</u></p> <p>4. All required financial reports prepared & submitted accurately and on timely basis (within prescribed 15 and 30 days) to Ministry of Finance.</p> <p>5. Published annual financial statements approved by AG.</p>		

B. 1. (continued)

Conditions which will exist when above purpose is achieved.

Evidence to date of progress toward these conditions.

4. Reduction by individual ministries, independent government departments, chartered bodies and share companies in which the Government has substantial investment, of number of deficiencies requiring negative comments in successive audits.

4. AGO is presently making constructive recommendations for corrections and improvements in Agency's financial systems.

5. Existence of national professional accounting society which sets its own minimum adequate standards for qualification for membership.

5. Initial interest to date has been explored.