

Initiating Plan for Capacity Building of BoFEDs and WoFEDs Country: Ethiopia

UNDAF Theme: "Good Governance"

Expected UNDAF Outcome(s) : By 2011, contribute to the achievement of Millennium Declaration principles through enhanced democratic empowerment and participation at grassroots level through justice sector reform, civil service and civil society capacity building and promotion of decentralization at all levels including upholding of human rights principles, transparency and accountability.

Objectives:

- 1) To strengthen the capacity of BoFEDs, WoFEDs and Sector Bureaus and empower them for effective service delivery;
- 2) To strengthen the Coordination, monitoring and evaluation of donor assisted programs by BoFEDs, WoFEDs, and Sector Bureaus

Program Period – 2007-2011

Program Component – Capacity Building of BoFEDs and WoFEDs

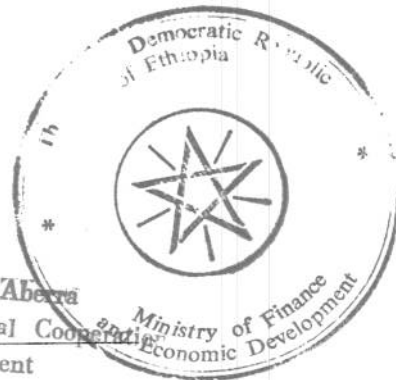
Project ID –

Estimated budget –319,610.62 USD

Implementing partners:

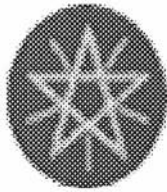
Agreed by MoFED: _____

Fissehā Aberra
Head, Multilateral Cooperation
Department



Agreed by UNDP: _____





**INITIATING PLAN for
CAPACITY BUILDING of BoFEDs & WoFEDs**

UNDP and MoFED

**March, 2008
Addis Ababa, Ethiopia**

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List of Acronyms

BoFED	Bureau of Finance and Economic Development
CNAR	Capacity Needs Assessment Report of BoFEDs & WoFEDs
CPAP	Country Program Action Plan
FACE	Fund Authorization and Certificate of Expenditure
HACT	Harmonized Approach for Cash Transfer
M&E	Monitoring and Evaluation
MoFED	Ministry of Finance and Economic Development
NEX	National Execution
PASDEP	Plan for Accelerated and Sustainable Development to End Poverty
SNNP	Southern Nation, Nationalities and People
UN	United Nation
UNCT	United Nation Country Team
UNDAF	United Nation Development Assistance Framework

1. Background and Situational Analysis

The UN Country Team (UNCT) in Ethiopia, in collaboration with the Government of Ethiopia, formulated its second United Nations Development Assistance Framework – UNDAF II in February 2006, which covers the period 2007-2011. Development of this framework was guided and informed, among other things, by the development priorities of the country, as outlined in the MDGs Needs Assessment (MDG NA) synthesis report and the Plan for Accelerated and Sustained Development to End Poverty (PASDEP). The UNCT had the opportunity to replace its Common Country Assessment (CCA) with the government-led MDG Needs Assessment initiative, which outlined the government's efforts and pertinent investment plans needed to achieve the MDGs through nine sectoral areas. PASDEP, the government's development framework, including its time frame, builds on this report. The UNDAF II has five priority/results areas, namely: Humanitarian Response, Recovery and Food Security; Basic Social Services and Human Resources; HIV/AIDS; Good Governance; and Enhanced Economic Growth.

In light of the UN Reform simplification and harmonization agenda, the UNCT, specifically the UN/ExCom agencies, has embarked on harmonizing their programme and operational aspects. This is cited through the successful integration of the UNDAF II result areas within the ExCom 6th Country Programmes (2007-2011), the joint consultative process manifested through the ExCom Deputies working group and the Harmonized Approach to Cash Transfer - HACT working group. These focus on the following aspects: 1) harmonization of programme management modalities, 2) provision of HACT/FACE (Funding Authorization and Certificate of Expenditure) training to partners, 3) opening of common bank accounts. This process also initiated the development of a joint programme implementation manual etc.

The Government of Ethiopia, being cognizant of and acknowledging the harmonized efforts undertaken by the UN ExCom agencies, proposed a programme management arrangement which called essentially 1) for funds to be channeled through its regional finance institutions, the BOFED's, 2) for funds to be transferred through common bank accounts, 3) for the provision of technical assistance etc. The UNCT strongly supported this proposal in view of:

- (i) The Paris declaration which calls for alignment with national systems;
- (ii) Clauses in ExCom CPAPs – NEX being the binding implementation principle albeit the peculiarities of each agencies that need to stand out;
- (iii) The UNDAF Good Governance decentralization component focusing on having an efficient and effective BOFED that deliver services to achieve results.

In light of the new roles and responsibilities of BoFED and WoFED for implementation of joint programmes, a joint Government – UN Task Force was established and came up with the options of undertaking a capacity needs

assessment of BoFEDs / WoFEDs and the development of a joint programme implementation manual. Major focus of the capacity needs assessment was to diagnose capacity gaps and prescribe the remedial actions on financial management, coordination, monitoring & evaluation, reporting and communications areas.

According to the capacity needs assessment report, the major findings of this report are listed in summary form below:

- **Coordination departments:** it is advantageous to replicate in emerging regions the coordination departments that are in place in larger regions;
- **Staffing:** Repetitive staff turnover, shortage of skilled manpower, and lack of immediate response to vacant posts;
- **Finance:** inconsistent double accounting entry system;
- **Donor Programmes:** BoFEDs softwares do not accommodate donor programmes; internal audit work plans disregard donor programmes; management of donor programmes are perceived as additional tasks and not an integral part of routine BoFED tasks; accounting systems do not accommodate donors' chart of accounts;
- **Trainings:** Inconsistent Staff familiarity with UN systems, policies and procedures, especially in the areas of project management, M&E and report writing;
- **Procurement:** Inadequate supply of office equipments, lack of vehicles hampering programme coordination and monitoring activities, and lack of an asset register.

2. Project Strategy

2.1 Justification and Rationale

This project plan is expected to contribute to UNDAF Good Governance Results Area, whose central components include decentralization and local capacity building. This plan is also used as an overarching strategy to address the capacity needs of BoFEDs, WoFEDs and sector bureaus in terms of Financial Management, Coordination, M&E and/or Reporting, to achieve results outlined in each of the UN EXCom CPAPs, in collaboration with partners. The inclusion of these components is further affirmed by UNCT, following the Lucy Gallery retreat that decided in favor of UN Interventions in the area of "decentralization focusing on the capacity of BoFEDs/WoFEDs to provide necessary services".

The project also contributes to the UNDAF country program outcome of promoting decentralization as a means to provide a more effective response to public service provision under the responsibility of BoFEDs and WoFEDs. Empowering these entities, such as envisaged in this project, is expected to

further strengthen their accountability, efficiency and effectiveness in the implementation of UN EXCom programmatic interventions.

2.2 Capacity Enhancement Interventions

The overall short-term and medium-term capacity gaps to be addressed are: 1) staffing (i.e. through the provision of additional human resources); 2) upgrading the skills of the existing human resource pool through orientation and training; 3) procurement of necessary equipment; and 4) system improvement. However, this project mainly deals with the provision of technical assistance through staffing of appropriate human resource to different sub national entities.

In terms of capacity level, the regions are classified into three groups. The first group is comprised of four regions with higher capacity to handle fund retransfer, in terms of financial management, coordination, monitoring and reporting. They are: the regions of Tigray, Amhara, Oromia and SNNP. The second group consists of regions with low levels of capacity - generally referred to as emerging regions – such as, Afar, Somali, Benishangul-Gumuz and Gambella. The third category encompasses the City Administrations of Addis Ababa and Dire Dawa and Harari regional state, which possess a higher degree of overall capacity relative to the emerging regions. However, they fit in the same category as emerging regions when dealing with conditional and unconditional fund transfers from U.N. agencies, in terms of not possessing sufficient skills to handle some of the five critical management functions like staffing, accounting policies and procedures, funds flow, monitoring and evaluation, and coordination and communication- which qualifies for immediate direct cash transfer from UN agencies.

2.2.1 Staffing

Human resources constitute a critical factor in the effective implementation of any type of program. The Capacity Needs Assessment Report of BoFEDs and WoFEDs in terms of Financial Management, Coordination and Reporting – referred to here as CNAR, - clearly demonstrates that there are critical gaps at the regional level in terms of their ability to effectively handle fund transfers from UN Agencies. Hence, both Finance Officers and Project Officers are recommended for all regions.

The CNAR also reveals that there are insufficient human resources to handle both financial transactions and program coordination at WoFEDs and BoFEDs.

2.2.2 Short Term Recommendations/Interventions

Capacity building is a broad and overarching issue, such that addressing all capacity gaps at one point in time is deemed impractical. Therefore, addressing the capacity gaps at BoFEDs, Some sectoral Bureaus, WoFEDs and Zonal levels is expected to have a trickle-down effect to address the gaps so far identified at all levels

Table 1 illustrates the staffing needs of Category 1 Regions (i.e. Tigray, Amhara, Oromia and SNNP) at BoFED levels.

Table I. Immediate Human Resource Requirements for Category I Regions.

Region	Required Post	Qualification	Experience
Tigray	2 Finance Officers	B.A/above in Accounting	5 years
	1 Project Officers	B.A/above in Business/Social science	5 years
Amhara	2 Finance Officers	B.A/above in Accounting	5 years
	2 Project Officers	B.A/above in Business/Social Science	5 years
Oromia	2 Finance Officers	B.A/above in Accounting	5 years
	2 Project Officers	B.A/above in Business/Social Science	5 years
SNNP	2 Finance Officers	B.A/above in Accounting	5 years
	2 Project Officers	B.A/above in Business/Social science	5 years
Total	15		

Table III. Immediate Human Resource Requirements for Category II Regions.

Region	Required Post	Qualification	Experience
Afar	2 Finance Officers	B.A in Accounting	2 years
	2 Project Officers	B.A in Business/Social science	2 years
	1 M&E Expert	B.A in Mag't/Social science	3years
Benishangul Gumuz	2 Finance Officers	B.A in Accounting	2 years
	2 Project Officers	B.A in Business/Social science	2 years
	1 M&E Expert	B.A in Mag't/Social science	3years
Gambella	2 Finance Officers	B.A in Accounting	2 years
	2 Project Officers	B.A in Business/Social science	2 years
	1 M&E Expert	B.A in Mag't/Social science	3years
Somali	2 Finance Officers	B.A in Accounting	2 years
	2 Project Officers	B.A in Business/Social science	2 years
	1 M&E Expert	B.A in Mag't/Social science	3years
Total	20		

Table IV. Immediate Human Resource Requirements for City Administrations

Region	Required Post	Qualification	Experience
Direedowa	1 Finance Officer	B.A in Accounting	5 years
	1 Project Officer	B.A in Business/Social science	5 years
Addis Ababa	2 Finance Officers	B.A in Accounting	5 years
	2 Project Officers	B.A in Business/Social science	5 years
Harar	1 Finance Officer	B.A in Accounting	5 years
	1 Project Officer	B.A in Business/Social science	5 years
Total	8		

Similar to BoFEDs, there are also shortages of manpower at WoFED and Sector Bureau levels, which need to be addressed for the effective and efficient implementation of various programs. Vacant posts were identified in each woreda and these should be filled as soon as possible or on a priority basis.

3. Management Arrangement

Managed by UNDP, the Fund shall be transferred by UNICEF to UNDP account. MoFED as the implementing partner of this project will authorize all allocations, recruitment as well as funds to each region.

MoFED and UNDP will be responsible for monitoring progress and impacts of the capacity building efforts to improve financial management, coordination, monitoring & evaluation, reporting and systems enhancements.

3.1 Project Work Plan and Budget

Table v. Short term: BOFED/ WOFED/ Sector Bureaus Capacity Development Plan

Related Outcomes from CPAP	Indicators	EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIME FRAME	RESPONSIBLE PARTY	PLANNED BUDGET
Decentralization promoted resulting in more effective response to community driven needs and better and more equitable access to quality public services	No. of UNVs recruited and assigned	Capacity of BoFEDs, WoFEDs and sector bureaus Strengthened. And also their service delivery empowered	Recruitment and deployment of NUNVs	2008-2009	UNDP/UNV, MoFED, BoFED	319,610.62 USD
Capacity gaps in regions filled through provision of technical assistance	Level of technical assistance provided to host institutions	The Coordination, monitoring and evaluation of donor assisted programs Strengthen Efficient system for BoFEDs, WoFEDs, and sector bureaus established	Effective monitoring scheme and professional support for woreda partners	2008-2009	UNDP/UNV, MoFED, BoFED	

Annex I.
TERMS OF REFERENCE

Position: Finance Officer
Reports to: Supervisor
Duration of Assignment: One Year with possibility of extension

Basic Function:

Under the general guidance of the supervisor, the Finance Officer is responsible for maintaining appropriate financial information systems, accounting records based on the generally accepted accounting principles and International accounting standards. S/he is also responsible for performing and managing the day-to-day financial activities, documentation and reporting of outputs. Accordingly, the incumbent will have the following duties and responsibilities.

Duties and Responsibilities

- Maintain separate books of accounts such as separate general ledger and subsidiary ledgers, Income and expenditure register book for relevant UN EXCom Agencies funded projects.
- Ensure that the expenditure agreed with the annual work plan before preparing the FACE regularly.
- Prepare quarterly physical and financial (FACE) performance reports and foreword to relevant UN EXCOM Agencies, MoFED and relevant Sector Ministries
- Follow up the release of funds by UN EXCom Agencies and subsequent deposit to Regional and Woreda Finance Bureaus.
- Maintain Separate fixed asset register for fixed asset purchased using each UN EXCom Agencies fund and follow up whether Regional and Woreda Implementing Partners adhere to the Guidelines and procedures.
- Assist Regional and Woreda Bureaus on the preparation of annual work plans (AWP) and Fund Authorization and Certification of Expenditures (FACE).
- Record daily expenditure transactions to register book and subsequently to the ledger.
- Prepare monthly bank reconciliation's for UN EXCom Agencies assisted funds
- Ensure that necessary supporting source documents obtained for each transaction and file the documents properly.
- Ensure that payment vouchers are sequentially prepared and all documents stamped paid.
- Conduct cash count for each fiscal year at the end of the year December 31.

- Ensure that the FACE sent to relevant UN EXCom Agencies, MoFED and relevant Sector Ministries agreed with the register book maintained by Regional and Woreda Bureaus.
- Take inventory count separately for fixed assets purchased using UN EXCom Agencies fund as per the requirement of UN guidelines.
- Reconcile books of accounts of Regional bureaus with the Woreda books of accounts and relevant UN EXCom Agencies records regularly.
- Prepare Statements of expenditure at the end of each fiscal year (December 31)
- Prepare Statement of Cash Position for the year ended December 31.
- Prepare Conciliated fixed asset statement for the year ended December 31 each year.
- Make available auditable documents such as books of accounts, financial statements, project documents and annual work plan to be provided to external auditors.
- Facilitate the work of external auditors and make a follow up action to rectify the audit findings and to take adequate correcting measure in subsequent periods.

Qualification and Experience

- Bachelor Degree or above in Accounting or Finance from recognized College/University.
- Extensive experience of more than 5 years in the field of Accounting, Finance or Auditing.
- Proficiency in using computers with adequate knowledge of MS-Office.
- Good knowledge of English in both writing and speaking is a pre-requisite, Knowledge of local language other than Amharic is an asset.
- Ability to work in a team and under pressure.
- Excellent analytical and reporting skills.
- Excellent communications and interpersonal skills.

Terms of Reference

Position – Project /program Officer

Duration of Assignment: One Year with possibility of extension

Basic Function:

Under the general guidance of the supervisor, the Project/Program Officer is responsible for the overall management of program in the region. He/she is also responsible for the day-to-day activities and production of outputs. In the course of day-to-day management of the program or project, the incumbent will be engaged in:

- Coordinating and monitoring implementation of the actives in the region or Zone as applicable
- Submit quarterly physical report to BoFED head, sector bureaus and other relevant sectors
- Ensuring that regional quarterly progress technical reports and financial reports are received from implementing agents, consolidated and analyzed to be submitted to MoFED or EXCom agencies
- Ensuring the performance of regional implementing agents on all contracts and agreements
- Prepares regional annual progress reports
- Prepares ToRs and assist development of projects when necessary
- Maintain regional inventor recording the acquisition and deposition of property and equipment used
- Ensuring that the use of equipments and supplies procured with EXCom agencies fund and forward inventory to relevant stakeholder
- Undertake program /project closure action
- Assist in improving communication and information sharing between different stakeholders
- Participate in different monitoring and evaluation mission and coordinate the organization of review meeting
- Carry out other program or project related task prescribed to her/him or necessitated by job.

Qualification and Experience

- Bachelor Degree or above in Management or related from recognized College/University.
- Extensive experience of more than 5 years in the field of Development administration
- Proficiency in using computers with adequate knowledge of MS-Office.
- Good knowledge of English in both writing and speaking is a pre-requisite; Knowledge of local language other than Amharic is an asset.
- Ability to work in a team and under pressure.
- Excellent analytical and reporting skills.
- Excellent communications and interpersonal skills

Terms of Reference

Position – Monitoring and Evaluation Expert

Duration of Assignment-One year with possibility of extension

Basic Function

The monitoring and Evaluation expert will assume full responsibility for overseeing monitoring and evaluation aspects of all the program/projects activities at regional level. S/he will report directly or execute other tasks identified by the Regional BoFED head or delegates. The main duties and responsibilities of the incumbent are:

- ✓ Implement the project/program monitoring and evaluation strategy as indicated in the program implementation manual and recommend possible changes based on the lessons learned at regional or local levels
- ✓ Ensures that the established guidelines on project monitoring and evaluation for different projects components are respected
- ✓ Review performance indicators and reports produced by different stakeholder and suggest necessary changes
- ✓ Identify information requirements of components concerning planning, monitoring and Evaluation
- ✓ Liaison with and provide support to project and finance officers in the implementation of program/project activities
- ✓ Organize and participate in different monitoring missions including organizations of regional review meetings
- ✓ Monitor and report the performance of woreda level programs/projects and suggest necessary changes
- ✓ Assist in improving communication and information sharing between different stakeholders
- ✓ Prepares ToRs and develop projects when necessary
- ✓ Undertake frequent field visits to woredas and project sites
- ✓ Perform other duties prescribed by supervisor or necessitated by the job

Qualification and Experience

- Bachelor Degree or above in Management or related from recognized College/University.
- Extensive experience of more than 5 years in the field of Development administration
- Proficiency in using computers with adequate knowledge of MS-Office.
- Good knowledge of English in both writing and speaking is a pre-requisite; Knowledge of local language other than Amharic is an asset.
- Ability to work in a team and under pressure.
- Excellent analytical and reporting skills.
- Excellent communications and interpersonal skills