



Financial Management Capacity at Woreda Level, Somali Regional State

DREAM II - Pre-Conference learning event

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Budget types and sources

- ▶ Two types of budgets, capital and recurrent, and the sources are:
 - ▶ Subsidy allocated by the regional state to woredas
 - ▶ Internal revenue generated by woredas themselves

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Procedures and process of budget allocation, execution and reporting

- ▶ Steps involved in budget process are budget preparation, approval, implementation and budget control.
- ▶ Government budget: woredas prepare activity and budget plans and submit to the regional government. The request from the woredas is evaluated by region (BoFED).
- ▶ Once the budget has been allocated to and released for woredas, the woreda finance office approve for office and projects request based on the activity plans by Pooling system.
- ▶ Recurrent budget is released by BoFED every month while capital budget is released every quarter.
- ▶ Monthly reporting is online (IBEX system) and Offline. Reports are also submitted in both Soft copy and hardcopy every months.

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Capacity to plan, disburse and follow own plan

- ▶ Woredas have adequate capacity to plan, disburse and follow their own plans without hampering interventions by other bodies.
- ▶ The overall capacity of woredas to manage the finance in Somali Region, is the best practice.
- ▶ The administrative system is generally suitable for financial process handling.
- ▶ Human capacity is relatively better and in case there is any gap, routine training and capacity building is carried out to maintain the required quantity and quality of manpower.

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Gaps and bottle necks

- ▶ Office space, office materials, vehicles. Particularly remote woredas far away from main roads may suffer from lack of infrastructure (roads, bridges, electricity, telecommunication, system interruptions and transportation).
- ▶ Limit on cash transaction due to government financial regulation is also another constraint. Daily maximum cash withdrawal from bank is ETB 50,000. Checks can be used for payments to contractors but for routine operational purposes cashes are required.
- ▶ There is continuous staff turnover at woreda level, but the gaps are being filled through continuous training and capacity building activities.
- ▶ The woredas have adequate capacity in short term planning and execution. But more capacity building is required for long term and strategic planning.
- ▶ Motivating the woreda finance office staff in various forms could be one means to maintain well experienced personnel at woreda level.

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Thanks