

Fund Management and Its Utilization in TIGRAY HAPCO

**A Research Paper presented for the
Partial Fulfillment of the
Requirements for the Degree of M.Sc.
in Accounting and Finance**

Submitted By:
Belay Hailu

Submitted to:
Dr. P. Laxmikantham

**ADDIS ABABA UNIVERSITY
FACULTY OF BUSINESS AND ECONOMICS
DEPARTMENT OF ACCOUNTING AND FINANCE**

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Certification

This is to certify that ***Ato Belay Hailu*** has carried out his research work on the topic entitled "***Fund Management and Its Utilization in Tigray HIV/AIDS Prevention and Control Office (Tigray HAPCO)***." under my supervision. This work is original in nature and it is suitable for submission for the award of degree for ***Masters in Accounting and Finance***.

Dr. P.Laxmkintham

Signature: _____

Advisor

Declaration

I, ***Belay Hailu*** declare that this study entitled "***Fund management and its Utilization in Tigray HIV/AIDS Prevention and Control Office (Tigray HAPCO)***." is my own effort and study. It has been carried out by me independently except for the guidance and suggestion from my research advisor. It is presented here, in partial fulfillment of the requirements for the degree of MSc. in Accounting in finance.

Belay Hailu

Signature: _____

Student

ADDIS ABABA UNIVERSITY
FACULTY OF BUSINESS AND ECONOMICS
DEPARTMENT OF ACCOUNTING AND FINANCE
(M.Sc.Program)

Fund Management and Its Utilization in Tigray
HIV/AIDS Prevention and Control Office
(Tigray HAPCO)

By
Belay Hailu Woubneh

ADVISED BY:

Name

Signature

EXAMINED BY:

Name

Signature

Name

Signature

Name

Signature

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ACRONYMS

AIDS	Acquired Immunodeficiency Syndrome
ART	Anti-Retroviral Treatment
BCC	Behavioral Change Communication
BOFED	Bureau Of Finance and Economic Development
CAFR	Comprehensive Annual Financial Reports
CBO	Community Based Organization
CCE	Community Capacity Enhancement
CRDA	Christian Relief Development Agency
CRS	Christian Relief Society
EAF	Emergency AIDS Fund
EMSAP	Ethiopian Multi-Sectoral AIDS Project
EPA	Environmental Protection Agency
FBO	Faith Based Organization
FDRE	Federal Democratic Republic of Ethiopia
FHAPCO	Federal HIV/AIDS Prevention and Control Office
GASB	Governmental Accounting Standards Board
GO	Governmental Organization
HAPCO	HIV/AIDS Prevention and Control Coordination Office
HIV	Human Immunodeficiency Virus
IDA	International Development Association
IEC	Information Education Communication
IFSL	International Financial Services, London
LDP	Leadership Development Program
MD&A	Management's Discussion and Analysis
MSc	Master of Science
NCGAS	National Council on Governmental Accounting Statements

Private Organizations

NGO	Non-Governmental Organization
PLWHA	People Living With HIV/AIDS
PMTCT	Prevention of Mother to Child Transmission
POs	Private Organizations
SFR	State Revolving Fund
SOE	Statement Of Expenditure
STI	Sexually Transmitted Infection
THAPCO	Tigray HIV/AIDS Prevention and Control Office
UK	United Kingdom
UNDP	United Nations Development Program
UNICEF	United Nation Children Fund
UP	Universal Precaution
USAID	United States Agency for International Development
US	United States
VCT	Voluntary HIV/AIDS Counseling and Testing

CHAPTER ONE

1. INTRODUCTION

This paper will examine the actual financial resources management and utilization on Tigray HAPCO. For this purpose the financial resource was seen in the form of fund management and utilization. To the effect of this, this paper encompasses four chapters of which this chapter will be presenting background, statement of the problem, objectives of the study, research hypotheses, instruments, significance, scope, limitation, methodology and sampling of the study. Finally it indicates the overall structure of the paper.

1.1 Back Ground of the Study

Fund is a key for every governmental or non-governmental organization, non-profit organizations and the like use fund as a means of planning, utilizing and controlling their scarce resources so as to attain their goals efficiently and effectively. It provides a plan for the whole entity to work to and should lead to “goal congruence”; sets a standard against which to measure actual performance; enable the actual figures to be compared against the anticipated ones; and a management by exception approach the trends to develop. A forward-looking attitude among staff also tends to develop and as a result, potential problems are often identified in good time. Funds are also indicative of good management practices. Therefore, fund in governmental entities is a way of planning

resources and controlling the assigned resources to ensure that they are used for the intended purposes.¹

Fund is fiscal and accounting entity with a self balancing set of accounts recording cash and other resources together with all related liabilities, net assets or fund balances, and changes there in that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.²

Fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other resources, together with all related liabilities and residual equities or balances, and changes therein; which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The focus of governmental and proprietary fund financial statements is on major funds.³

The long-term development strategy of a country should also consider HIV/AIDS epidemic. There should be program which aim at reducing the spread of HIV/AIDS alleviating the impacts of the epidemic. There should be also interventions of in

¹ *Tenner and Lynn, Municipal and Government Accounting (P-49)*

² *Engstrom and Copley, Essentials of Accounting for Governmental and Not-for-profit organizations (P-422)*

³ *Wilson, Kattelus, and Hay, Accounting for Governmental and Nonprofit Entities(P-25)*

supporting and caring for infected and affected by HIV/AIDS and awareness of HIV/AIDS transmission. To sum up, in country like Ethiopia HIV/AIDS prevention and control program should be part and parcel of general development plan. Thus, considering this fact, the government of FDRE is integrating HIV/AIDS prevention and controlling program into the development strategy.

The government established HAPCO at federal and Regional levels to coordinate prevention and control activities to raise and secure funds from abroad and locally. Utilizing and administering these funds is also the mandate of the office. The government has developed HIV/AIDS policy and strategic plan which emphasis on multi-sect oral approach.

In this study, the researcher will try to assess the management and utilization of fund in Tigray region HIV/AIDS prevention and Control Office (Tigray Regional HAPCO) and implementing sectors. In general, this research tries to answer about sources of funds for HIV/AIDS Prevention and Control, are there problems in utilizing and managing funds.

1.2 Statement of the Problem

Fund is a major element for proper utilization of public resources using the right management of fund and utilization is one of the instruments in achievement of desired goals.

Tigray Regional HAPCO is utilizing funds from different sources, these sources have their rules and regulations which they require strict adherence to them. Sometimes some incompatibility can emerge in utilizing the funds. Is the office properly managing its fund? What about the performance of the fund?

The other problem in Tigray HAPCO is a coordinating office it distribute the fund to implementers. The implementers may not perform according to interest of the source of fund; they may not liquidate utilized fund /money/ on time, etc. This will create problem on the amount of fund that office source as it is dependent on the amount of money liquidated since they use replenishment system. To what extent the office can enforce the implementing sectors' performance? Has the office clear mandate to take corrective measures (out of coordination)?

This study attempts to assess and find out how these problems are affecting the office's fund management and utilization.

1.3 Objective of the Study

1.3.1 General Objective

- To analyze the quality of fund management and its utilization in
Tigray Regional HIV/AIDS Prevention and Control Office

1.3.2 Specific Objectives

- Identify sources of funds for the office
- Find out how the funds are managed
- Find out how the disbursed and liquidated amount
- Find out proper utilizations of fund by implementing sectors
- Identify problems in utilization and management of funds
- To examine the targets and achievements during the last 5 years (2001/02-2005/06).
- Give conclusions and recommendations about the management of fund and its utilization of the office.

1.4 Research Hypotheses

The formulation of hypotheses or propositions that may be possible answers to research questions is an important step in the process of formulating the research problem.⁴

A test of statistical hypotheses is a two- action of decision after observing a random sample from the given population. The two actions are the acceptance or rejection of the hypotheses under consideration.⁵

- There is efficient fund raising and disbursement
- There is efficient fund management in Tigray HAPCO

⁴ *Research Methods for Management (Dr. S.Shajahan, 2004 P-33,184)*

⁵ *Ibid*

- There is efficient utilization of fund in Tigray HAPCO
- There is effective achievement versus target

1.5 Research Questionnaire

Questionnaire is list of questions sent to a number of persons for their answers and which obtains standardized results that can be tabulated and treated statistically.⁶

The study of fund management and its utilization in Tigray HAPCO is expected to find answer the following basic questions:-

- What are the sources of fund for HIV/AIDS in the office?
- Who are the fund providers?
- Is there difference in accounting treatment in each fund provider?
- If there is a difference in accounting treatment, how can the office settle the problem?
- What are the benefits and problems obtain from the fund providers?
- What are the problems of the implementers of the fund?
- How can the office settle the problems of the implementers?
- Is there any difference accounting system in government and fund providers?
How can the office settle the differences?

⁶ *Ibid*

1.6 Significance of the Study

This study is significant from various directions. It makes to understand the theoretical aspect of management of fund and its utilizations for governmental organizations and used for decision makers to decide on HIV/AIDS Prevention and Control fund management and its utilization process. It also digs out the management of fund and utilization practice in Tigray Regional Office of HIV/AIDS Prevention and Control. It is also used to compare the theoretical aspect with the actual practice of the organization and identify problem areas. Finally, this research can be ground for further study.

1.7 Scope of the Study

Generally, this study assesses the general view of fund management and its utilization at national level. That is, it assesses different stakeholders and their role in prevention and control of HIV/AIDS in the nation. Indeed, the study also compares their fund that released to HAPCO in each budget year. Moreover, it will exhibit amount budgeted, released, and settled to each region (state) in each budget year.

Specifically, this paper (study) focuses on fund management and utilization of Tigray Regional HAPCO in relation to implementing sectors in the state. It identifies the sources, procedures, preconditions, and other requirements of each fund and the interest of each donor. Furthermore, it also shows the management and utilization system of each fund.

The stakeholders of Tigray Regional HAPCO are implementing sectors in the region such as:

- Government Bureaus, Offices, Commissions, Authority, etc.;
- Private Organizations;
- NGOs working in the region;
- FBO in the region;
- CBO in the region; and
- Associations

The region is responsible in disbursing and liquidating funds to these stakeholders from the funds obtained from different donors. Besides, it is also responsible to mobilize resources, coordinate and monitor activities, and make researches in this area.

The other stakeholder is Federal HAPCO, which is responsible in disbursing and managing fund to regions obtained from different donors. Federal HAPCO in turn follows utilization of funds by regional HAPCO, such as disbursement and liquidation on time. It is also responsible for coordination of Regional HAPCO and Ministerial sectors.

The other stakeholders are international donors (Global Fund, UNICEF, UNDP, Action AID, and IRISH AID), International lenders (World Bank Loan), and Treasury (Regional state Budget). Therefore, the scope of the study include assessment how Tigray HAPCO and implementing sectors are performing, how is the region HAPCO is working with Federal HAPCO and donors.

1.8 Limitation of the Study

Researcher expects that the study may have some limitations due to the following reasons:

- Lack of adequate material and information for each fund
- Area farness
- Time consuming in document translation from “Tigrigna” to English
- Difference in interest and system of donors (or fund providers)

1.9 Methodology of the Study

In order to gather relevant information, possible methods will be selected, that are both primary and secondary data. The primary methods are enabling how far the fund and its utilization managed by using questionnaires directly address to the Tigray Regional HAPCO Finance Department and accountants and implementing sectors.

The secondary data consists of Internet data; records manuals, annual reports (audited), books and some observation for review of project, budget and utilization will be used.

1.10 Sample Size of the Study

In Tigray there are 6 Zones and 46 Woreda Administrations (not all included in the study). Based on the intended objectives, the study was conducted on regional bureaus, offices and other governmental sectors, three zones, and other non-governmental organizations that are affiliated to activities pertaining HIV/AIDS (civic societies, faith

based organizations and local medias). The criterion for selecting these sectors to be included in the research was the amount of money (fund) that they collect from the Tigray HAPCO. In addition, the area these sectors cover in their intervention was taken as part in the criterion. The distribution looks like as follows:

Table 1.1 Number of sectors included in the Research

Ser. No	Implementing Sectors	Involved in HIV/AIDS Program	Include in the research
1	Regional Governmental Sectors	36	9
2	Zonal Administrations	6	3
3	Civic Societies and NGOs	10	3
4	Private organizations	10	5
5	Faith-Base Organizations	3	2
6	Local Medias and Bands	9	3
	Total	74	25

1.11 Organization of the Paper

The paper is categorized into four main chapters. Chapter one deals with introductory view of the research paper. Chapter two concentrated on the review literature which considers the theoretical concept of on the issues of fund management and utilization to be examined in the data analysis and discussion. The literature part that describes the concepts of fund management and its utilization was collected from internet, manuals, official documents, books, and other materials. The third chapter deals with the practical

findings of HIV/AIDS fund in Tigray HAPCO. This chapter analysis is based on records, manuals, formats, financial reports, guidelines, and questionnaires to the coordinating office and the implementing sectors of HIV/AIDS fund. Finally, chapter four deals with conclusion and recommendation of the research so far identified.

CHAPTER TWO

2. REVIEW OF LITERATURE

It is known that literature review has been organizing from other similar literatures, journals, internet, books, and other materials. This literature is also sourced from internet sources, books, manuals, and other documents. Most of the sources are engaged in business related fund management and utilization aspects. This chapter will highlight with the following issues: Principles, Objectives, Time horizon and Issues of fund management, Types and classifications of fund, Resource utilization, Availability, Administrative and Sustainability funds, Budgeting and budget control, Accounting and financial reporting, and analytical tools and techniques of fund management and utilization.

2.1 Principles, Objectives, Time Horizons, and Issues of Fund Management

2.1.1 Principles of Fund Management

According to the United States Environmental Protection Agency, a basic approach to fund management should include developing a plan (establishing short and long term goals), program management, and program evaluation. The process is illustrated as follows:

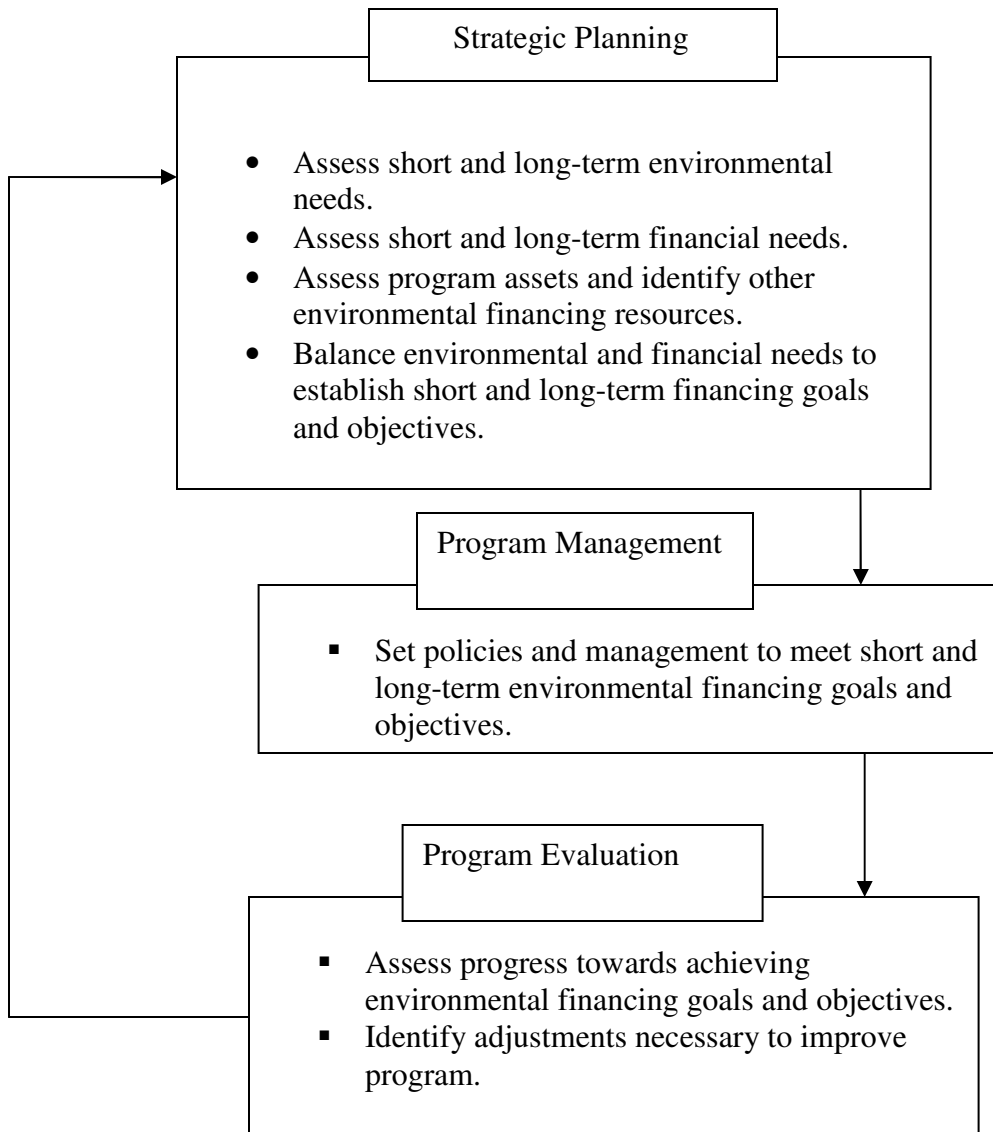


Figure 1 Program Flow Diagram

In strategic planning, program managers essentially develop a long-term business plan for their program. To accomplish this, they should set out to determine what kinds of

environmental and financial needs must address. This information should be used to establish short and long-term financing goals are established.

Program management encompasses the setting or adjusting of policies and the day-to-day management of the fund. Critical issues such as the level of interest rate subsidy to offer, selection of projects to receive assistance, timely commitment of new and recycled funds to projects, investment of idle funds, and decisions to issue debt must be evaluated in financially responsible manner to ensure that funds are used effectively. Continuous program evaluation or assessment provides a check on whether or not current policies are helping to meet the goals of the fund.⁷

According to Canadian Labour Congress, the Labour Fund for HIV/AIDS is guided by the following principles: the fund supports specially HIV/AIDS projects from worker organizations which target workers and their families, the fund forces primarily on requests from organizations from the poorest and most affected regions in the world, the fund is committed to 'quality-funding', the fund is financed through partnerships which require contributions and participation from a range of 'funding partners', and the fund provides its funding partners with reports and audited statements regularly.⁸ According to IFSL, the UK is one of the largest markets in the world for fund management along with the US and Japan. It has a strong international orientation and attracts significant overseas

⁷ *Environmental Protection Agency: www.epa.gov/own/finan.htm, United States, April 2001, 1-1 and 1-2*

⁸ *Canadian Labour Congress: Canadian HIV/AIDS Labour Fund, www.clc-ctc.ca, 3*

funds. London is the leading international centre for fund management. The international orientation of the UK's fund management industry is reflected in the presence of a broad range of UK and foreign owned firms, in the significant investment in overseas securities, and in the management of overseas client's assets. London is central to the UK's strong international position. Edinburgh and Glasgow are also important international centres for fund management.⁹

According to the National Council on Governmental Accounting Statement No1 (NCGAS1), entitled governmental accounting and financial reporting principles, a fund is defined as:

“...a self balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and change there in, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.”¹⁰

To understand the nature of funds, the meaning of fund should be clear. It can be defined from the total resources point of view as a fund transaction is one which involves an external entity, whether the transaction is on a cash or credit basis, and whether long or short term assets and liabilities are involved. The nature of fund can also be related with fund flow statement and cash flow statement. Funds are not equivalent to cash and fund

⁹ *Fund Management: City Business Series, IFSL, www.ifsl.org.uk, August 2005, 1*

¹⁰ *US Department of Housing and Urban Development, Volume 1, Issue 1, April 1999, 1*

statements and cash flow statements are not the same, too. In other words, a fund statement is broader in coverage than a cash flow statement, which is really just summary of the cash at bank account in the ledger or if based on projected data for the next period it better termed a cash budget.¹¹

2.1.2 Fund Management Objectives

According the US State Revolving Fund (SRF), fund management program has several goals. The first is that the capital contributed to the program is used efficiently and maintained in perpetuity. Another goal is that states use SRF funds to achieve the greatest environmental results. Working within these goals, states have two focused objectives in managing their SRF programs. The first is to ensure that financial assistance is provided to projects that will produce the most desirable environmental and public health benefits. The second objective is to achieve sound financial performance while providing the financial assistance.

All of these fund management objectives must be balanced to achieve an SFR's desired result. The balancing objectives for an SRF program can be thought of as trying to reach an optimal solution to make the most money available, consistent with demand for funds; commit money quickly to meet project needs; offer attractive financial terms; and maintain the purchasing power of the funds being managed. For each SRF program, the

¹¹ *Dufty and Monrol, Introductory Accounting principles and practices, 2nd edition, Longman Cheshire Pty Limited, 1982, 429-434*

optimal solution will depend on state specific factors such as the demand for financial assistance, availability and financial benefit of other assistance programs, state funding priorities, current market conditions, and legislative support.¹²

2.1.3 Fund Management Time Horizon

According to the US Environmental protection Agency (EPA), time is a critical element when considering fund management. Financial management is a process that takes place overtime and consists of a series of financial actions and decisions that have both short-term and long-term implications. Due to time value of money and financial actions, fund management must be considered across the dimension of time to balance what can be accomplished in the present versus the future.¹³

2.1.4 Fund Management Issues

According to the United States EPA, effective fund management is not only the result of a single action or decision that results in a successful program. Instead, program success depends on how a series of fund management questions are identified, answered, and revisited overtime. Important questions include are fund resources being utilized effectively? Does the fund have sound a management? Is sufficient project assistance being made available? Dose the fund have sufficient administrative resources? What is the sustainable funding level from the program? And so on.

¹² *Environmental Protection Agency: www.epa.gov/own/finan.htm, United States, April 2001,2-1*

¹³ *Ibid*

The SRF fund management handbook is designed to take a three pronged approach to discussing fund management issues. First, it addresses each of these fund management issues individually. Second, recognizing there is considerable overlap in the issues, the conclusion of each individual issue discussion identifies the relationship between the current fund management issue and other related fund management issues. Finally, as each issue is addressed, the discussion is accompanied by pertinent case studies of how states have faced and answered by these fund management issues.

An underlying requirement of any discussion of fund management is the availability of reliable financial information, confirmed through the audit process, to provide the basis for financial analysis of a fund. The use of independent audits of program funds provides assurance to fund management that policy decisions are based on reliable financial information.¹⁴

2.2 Types of Funds and Classifications of Funds

According to City Business Series of IFSL, institutional funds, over seat clients, and private clients considered as types of funds. Institutional funds in the UK have the largest share and they consist of insurance funds, pension funds unit and investment trusts. In recent years, the UK has consolidated its position as one of the most important centres for

¹⁴ *Environmental Protection Agency: www.epa.gov/own/finan.htm, United States, April 2001,3-1 and 3-2*

the management of funds on behalf of foreign clients. Private clients remain a significant niche in the UK market.

A nation that has a centre for fund management can have certain advantages. According to city business series, the UK has the following advantages due to fund management centre: highly sophisticated and innovative management styles, techniques and strategies; skilled labour force and high quality professional and support services; wide ranging client base: private and institutional, UK and overseas; highly liquid market with the opportunity to trade in large blocks of shares; history of openness with relatively easy access to markets; liberalized operating environment combined with protection against abuses; competitive infrastructure in telecommunications services and air line links; and perception of a proportionate approach to its regulatory environment which facilitates innovation.¹⁵

Currently, there are a number of fund types that classify according to their national status and the interest of the fund providers (donors) in every nation. Besides, as the nature of the donor's objective differed, the nature of fund types and classifications can also be differed. Some type of funds can be related with business investments (like pension fund, mutual fund, unit trust fund, investment trust fund), sanitation and water, infrastructural (such as road fund), poverty reduction, emergency, HIV/AIDS, and so on.

¹⁵ *Fund Management City Business Series: www.ifsl.org.uk, London, 2005, 1-2*

According to Fund Management City Business Series (UK), institutional funds (insurance funds, pension funds, unit and investment trusts), overseas clients and private clients are some types of funds.¹⁶ Based on Columbia University Financial Accounting system, there are two major types of funds: unrestricted current funds and restricted current funds.¹⁷ There are eight different fund types which are categorized in to three different activities, according to US Department of Housing and Urban Development: Governmental (general, Special revenue, capital project, and Debt service funds), Proprietary (Enterprise and internal service funds) and fiduciary (trust and agency funds).¹⁸ Funds can be also divided based on the activities they perform. According to Hoyle, Schaefer and Douplik, all funds can be categorized in to one of three distinct groups: governmental activities- functions designed primarily to serve the public, business type activities-functions where a user charge is assessed and fiduciary activities-functions where money or other assets are held for use outside of the government.

To facilitate the bookkeeping process, a grouping system has been devised with all funds (that are governmental, proprietary and fiduciary funds) divide in to eleven types: the general fund, special revenue funds, capital project funds, debt service funds, permanent

¹⁶ *Ibid*

¹⁷ *Columbia University Financial Accounting System, Kenneth G. Williams*

¹⁸ *Department of Housing and Urban Development, United States Volume 1, Issue 1, April 1999,1*

funds, enterprise funds, internal service funds, investment trust funds, private purpose trust funds, pension trust funds, and agency funds.¹⁹

2.3 Fund Resource Utilization, Availability, Administrative and Sustainability

2.3.1 Fund Resources Utilization

According to IFSL City Business Series, the main sources of funds are pension funds, insurance companies and mutual funds are accounted for around a third of conventional assets under management of the global fund management industry. Other funds were from private wealth and alternative sources such as hedge funds, exchange traded funds, private equity, venture capital, structured finance and real estate. Institutional clients generate the majority of funds. There are substantial variations, however, between countries in the institutional to retail ratio. In countries with more developed private banking or mutual fund sectors, such as the UK, Germany, Italy and Switzerland, the retail sector was the source of most funds. On the other hand in the US, France and Japan where these sectors were not as large or where the pensions market was more developed the majority of fund was from institutional clients.²⁰

According to Likierman, there are four principal sources of revenue for local authority services: government grants; national non-domestic rates; community charges; and sales,

¹⁹ Hoyle, Schafer and Douppnik: *Advanced Accounting*, 6th edition, McGraw-Hill, 2001, 724-727

²⁰ *Fund Management City Business Series, IFSL, [www ifsl.org.uk](http://www.ifsl.org.uk). August 2005, 6-7*

feel, and charges paid by service users.²¹ Dufty and Montrol also point out the possible sources of funds by considering changes between two balance sheets which will be related to assets (decrease), liabilities (increase) or proprietorship (increase). For example, release of funds from current assets and long term assets; and in flow from short term borrowing long-term borrowing, trading operations, and owner(s) are the possible sources of funds. Besides, they describe a more possible uses of funds which can be related to increase in assets, decrease in liabilities and proprietorship. Out flow to increase long – and short –term assets, outflow of funds to reduce short-and long-term liabilities, out low of funds incurred in trading or servicing operations, and out flow of funds to owners.²²

Based on Management Sciences for Health, HIV/AIDS programs usually involve three basic types of resource transfers: funds transferred either directly to an implementing partner or through another organization; commodities and associated support services; and technical assistance.²³ According to SRF fund management handbook, regardless of the level of capitalization or the availability of additional capital through different sources, each SRF has a pool of financial resources at its disposal. An important question to ask is, "Are those resources being used at efficiently as possible?"

²¹ D.Henley, A.Likierman, J. Perrin, M, Evans, I. Lapsely and J.WhiteOAK, *Public Sector Accounting and Financial Control*, 4th edition , Chapman and Hall , London, 1992, 118

²² Dufty and Monrol, *Introductory Accounting principles and practices*, 2nd edition, Longman, Cheshier pty limited, 1982, 434-468

²³ *Management Science for Health, Occasional Paper No 1: [www. msh.org](http://www.msh.org), Cambridge, 2005,2*

This question is best examined by analyzing balance sheet assets to see the how resources are being utilized. For example, SRF assets consist of five main components: Cash and Short-Term Investments, including loan repayments, Debt Service Reserve Investments, Loans outstanding; Undrawn Federal Grants, less amounts designed for set-asides; and Undrawn State Match Amounts.

The sum of these asset components comprises the total assets or financial resources of an SRF. All of these assets except debt service reserves make up the total assets available for loans. Therefore, a simple measure of the efficiency with which funds are utilized is a calculation of loan commitments as a percent of available assets (total assets less debt service reserves).²⁴

The utilization of funds and commitments to new projects should account for a program's need to maintain reasonable working capital in the program and to account for large scale projects that will require disbursements over a relatively long time frame (i.e. three or more years). Programs that are experiencing low usage rates of available assets (i.e. maintaining excess cash balances and undrawn grant/match amounts) should move aggressively to ensure that funds are put to their intended use over the near-term.

According to SRF fund management hand book, the issue "Fund Resource Utilization" directly relates to loan terms availability of funds for investment, use of funds produced

²⁴ *Environmental Protection Agency: www.epa.gov/own/finan.htm, United States, April 2001,3-11*

by leveraging, ability to leverage or borrow for match, and long-term sustainable funding levels.²⁵

2.3.2 Availability of Funds

According to EPA, excess demand for the SRF will manifest itself in several ways. The first is the general interest level in the program for traditional and other types of projects. Indicators include high number of inquiries about the program, requests for program information, strong attendance at SRF public meetings and large number of assistance applications. A second indicator is a low dropout rate for applicants approved for assistance. The projects that receive assistance commitments usually proceed with the project to avoid losing the funding. A third measure of demand is the diversity of potential applicants interested in the program.

Collectively, high demand for the program can be attributed to many factors, including: strong enforcement, favorable SRF loan terms, lack of alternative programs, or general economic conditions. The causes of the high demand may help direct the appropriate response to make more SRF funds available.

As there are direct issues for "fund Resource Utilization", there are also direct issues for "Availability of Funds". The issue "Availability of Fund" directly relates to: loan terms,

²⁵ *Environmental Protection Agency: www.epa.gov/own/finan.htm, United States, April 2001,3-14*

investment results, need for leveraging, impact of borrowing for match, and long-term sustainable funding.²⁶

2.3.3 Administrative Resources

According to SRF fund management handbook, "Does the fund have sufficient administrative resources?" is a common question posed to SRFs to determine if a fund can not only revolve financially in perpetuity, but that it has the administrative resources to provide for operating the program in perpetuity.

Currently available administrative resources should be matched year-to-year with estimated administrative costs. The short-fall between available funds and projected costs is the amount of additional administrative funding that will be required. Opportunities to reduce operating costs while not diminishing the effectiveness of the program, should be considered along with any review of projected administrative costs. Based on this handbook, the issue "Administrative Resources" directly relates to: administrative fee portion of loan terms and total cost to the borrower; ability to manage leveraging or borrowing for match, and achieving sustainable funding levels.²⁷

²⁶ *Environmental Protection Agency: www.epa.gov/own/finan.htm, United States, April 2001,3-17*

²⁷ *Environmental Protection Agency: www.epa.gov/own/finan.htm, United States, April 2001,3-19*

2.3.4 Sustainability Funding Levels

According to the SRF Fund Management Handbook, fund managers can estimate what the sustainable funding level will be over time based on current and anticipated operating assumptions (using financial planning). Funding levels are usually expressed in today's dollars to account for inflation.

The sustainable funding for a program is frequently used in conjunction with promoting the program and appealing for additional investment in the program. It can also be used as a point of reference to identify how additional funding for the program or other program changes will impact annual funding levels.

An important aspect of evaluating sustainable funding level is to reconcile funding levels with the current demand or need for fund ings. The goal should be develop an approach for achieving sustainable funding levels that match the demand for funds. For example, Cash Flow Modeling is a valuable tool for evaluating potential sustainable funding levels that can be achieved and then comparing funding levels to funding need.

According to this handbook, the issue "Sustainable Funding Levels" directly relates to: loan terms; investment earnings; availability of funds; loan portfolio management; availability of administrative resources; ability to leverage or borrow for match; and use of set-asides and transfers.²⁸

²⁸ *Environmental Protection Agency: www.epa.gov/own/finan.htm, United States,*

2.4 Budgeting, Budgetary Control and Budgeting Design

According to Rayburn, budgeting is a means of coordinating the combined intelligence of an entire organization into a plan of action based on past performance and governed by a rational judgment of factors that will influence the course of business in the future.²⁹ Planning for the future may be in terms of period planning and/ or in terms of project planning. All of the financial plans of the business organization whether they are period plans or project plan constitute the budget. According to Hay, a budget is binding on the administrators of a governmental unit. Consequently, a distinctive characteristics of governmental accounting resulting from the need to demonstrate compliance with laws governing the sources of revenues available to governmental units and laws governing the utilization of those revenues, is the formal recording of the legally approved budget in the accounts of funds operated on an annual basis. Briefly, budgetary accounts are opened as of the beginning of each fiscal year and closed as of the end of each fiscal year; therefore, they have no balances at year end. During the year, however, the budgetary accounts a fund are reintegrated with its proprietary (balance sheet and operating statement) accounts.³⁰ Furthermore, Hoyle also described, “Financing is an important part of the governmental environment, particularly for governmental types of activities. For those activities, the budget is the primary method of directing and controlling the

April 2001,3-28

²⁹ *L.Gayle Rayburn: Principles of Cost Accounting, 4th edition, IRWIN, Boston, 1989, 546*

³⁰ *Ear R.Wilson, Susan C.Kattelus and Leon E.Hay: Accounting for Government and Nonprofit Entities, 12th Edition, McGraw-Hill, New York 2001, 30*

financial process. “In a chronological sense, the first significant accounting procedure encountered in a state or locality is the recording of budgetary entries. To enhance accountability, government officials normally are required to adopt an annual budget for each separate activity to anticipate the inflow of financial resources and establish approved expenditure levels. In its “Objectives of Financial Reporting”, the GASB indicates that the budget serves several important purposes: expresses public policy, serves as an expression of financial intent, provides control and offers a means of evaluating performance. The GASB even state that “many believe the budget is the most significant financial document produced by a government unit. “ To enhance the importance of the information conveyed by budget figures, each government must report comparison between the original budget, the final budget, and actual figures for the period as required supplemental information presented after the notes to its financial statements.³¹

According to the authors of Century 21 Accounting, a budget is a look in to the future, a plan of expected financial activities. Therefore, budget preparation begins with organization goals. The length of time covered by a budget is the budget period; usually this period is one year. Some organizations also prepare a long-range budget of five years or more special project and plant and equipment purchase. However, the annual budget is the one that is used to compare current performance with budget plans. An annual budget

³¹ *Hoyle, Schaefer and Dougnik: Advanced accounting, 6th Edition, McGraw-Hill, Boston, 2001, 732*

normally is prepared for an organization's fiscal year. The annual budget commonly is divided into quarterly and monthly budgets. Such budget sub-divisions provide many opportunities to evaluate how actual operations are comparing with budgeted operations.

A budget must be prepared in sufficient time to be communicated to the appropriate managers because gathering data, making analysis, making decisions, preparing and approving the budget, and communicating the budget takes time. The budget should be based on data from organization records of past operations, current general economic information, consultation with staff members, and reasonable judgments.³²

2.5 Accounting and Financial Reporting for State and Local Governments

2.5.1 Financial Accounting Techniques

Accounting to Jones, different public sector organizations adopt different accounting practices. The main ones are: budgetary accounting, cash accounting, accruals accounting, commitment accounting and fund accounting. These five are not mutually exclusive. That is one organization might adopt budgetary accounting, cash accounting and/or fund accounting simultaneously. It is also possible for one organization to adopt all five simultaneously.

Budgetary accounting refers to the practice of many public sector organizations and particularly governments of keeping and presenting their operating accounts in the same

³² Swanson, Boynton, Ross and Hanson: *Century 21 Accounting, 2nd Edition, 1978, 471-474*

format and alongside their budgets. The main purpose of this practice is to emphasize the budget's role in the cycle of planning – control – accountability.

Cash accounting system recognizes only cash inflows and cash outflows. The resulting final accounts are summarized cash books. There are no balance sheets because there are no assets and liabilities in the books other than cash balances.

According to the **accrual accounting system**, revenues and costs are accrued (that is, recognized as they are earned or incurred, not as money is received or paid), matched with one another so far as their relationships can be established or justifiably assumed, and dealt with in the profit and loss account of the period to which they relate, provide that where the accruals concept is inconsistent with the prudence concept, the latter prevails.

Commitment accounting is used in conjunction with either cash accounting or accrual accounting. Because it does not make sense to use it in accounting for employees' costs, it only usually applies to a small part of an organization's budget. As a consequence, it is often a sub – system of the main accounting system. Nevertheless, it can be very important, especially to budget – holders.

Fund accounting refers to the method of accounting that reports in terms of funds rather than in terms of organizations. The practical effects of adopting fund accounting depend up on the extent to which different funds are utilized and the form and extent to which the

individual fund accounts are consolidated in to one operating statement and one balance sheet.³³

According to Hay, the GASB adopted 13 accounting and financial reporting principles for state and local governments: accounting and reporting capabilities; fund accounting system ; types of funds ; number of funds; reporting capital assets; valuation of capital assets; depreciation of capital assets; reporting long – term liabilities; measurement focus and basis of accounting in the basic financial statements; budgeting, budgetary control and budgetary reporting; transfer, revenue, expenditure and expense account classification; common terminology and classification; and annual financial reports.³⁴

2.5.2 Nature of Financial Reports

Accounting to trenchant, reports prepared by the government for internal and external use are tacitly governed by eight principles: legitimacy, understandability, reliability, relevance, comparability, timeliness, consistency and usefulness.

Legitimacy – reports should be appropriate for the intended users and prepared according to specific standards for their form and content.

Understandability – reports should be understandable to the user. But, because there is no one typical user with defined and immutable characteristics, principle should be primarily viewed as an exhortation to be clear and simple.

³³ *Jones and Pendlebury: Public Sector Accounting, 4th Edition, Pitman Publishing, Great Britain, 1996, 139-158*

³⁴ *Hay, Kattelus and Wilson:accounting for Governmental and Nonprofit Entities, 12th Edition,McGrant-Hill, New York,2001,24-31*

Reliability – financial reports are expected to be objective and organizations in the public and private sectors would like, indeed expect, the information to serve their needs. The characteristics of reliable information are somewhat difficult to enumerate and explain. But, by distinguishing facts from estimates, taking large coverage of data, and considering users preference, that would nullify the intent of the report.

Relevance – information is provided in response to an explicitly recognized need. Financial reports should identify the users and their requirements in order to have relevance

Comparability - the data reported should provide a frame of reference for comparing organization with similar functions so that the cost of providing similar services can be estimated. Providing comparable data is yet another manifestation of being responsive to user needs.

Timeliness - the process of the judiciary and the information provision machinery have common feature that is delay can invalidate their existence. If information is supplied long after the extent of which it is intended the message to users is that compliance is perfunctory.

Consistency - the reports should be consistent over time in terms of coverage (nature of the entity of reporting) classification and the accounting basis consistency does not mean rejection of needed and feasible improvements. Consistency facilitates the preparation and use of data leads to a mutually acceptable framework.

Usefulness - to be useful both inside and outside an agency reports should contribute to an understanding of the current and future activities of the agency's resources and uses of funds and the diligence shown in the use of funds.³⁵

According to Engstrom, financial reports of state and local governments are used primarily to compare actual financial results with the legally adopted budget assess financial condition and results of operations assets in determining compliance with financial-related laws rules and regulation; and assist in evaluating efficiency and effectiveness. GASB concepts statements stress that accounting and reporting standards for state and local governmental units should meet the financial information needs of many diverse groups; citizen groups legislative and oversight officials and investors and creditors. The concepts statements also make clear that reporting standards for governments recognize that decisions make by these groups involve political and social decisions as well as economic ones. Accordingly, governmental financial reporting standards are much more inclusive that FASB standards which consider the needs of only investors and creditors concerned with economic decisions.³⁶

2.5.3 Periodic, Interim and Annual Financial Reports

Accordingly to may most governmental financial reports are concerned with general purpose external financial reporting the needs of administrator's, legislators, and other

³⁵ A.Premchand: *Effective Government Accounting*, IMF, Washington D.C, 1995, 132-135

³⁶ Copley and Engstrom: *Essentials of Accounting for Governmental and Not-for-Profit Organizations*, 7th Edition, McGraw-Hill, Boston, 2004, 6-7

users not properly classifiable as “external” financial reporting. To fulfill their need the following financial reports should be included periodic interim and annual financial reports. Personal concerned with the day to day operations and activities accounted for by governmental funds and groups should be familiar with much of the data processed by the accounting information system because it results from the events and transaction with which they are involved it is generally agreed that periodic financial reports are useful to be reported and distributed.

Administrators of a governmental unit have the greatest need for interim financial reports, although, members of the legislative branch of the governmental unit may also find them of considerable use. Other users of interim reports are news media and residents who are particularly concerned with aspects of the financial management of the unit. According to Hay, a complete interim financial report should at least include the following statements and Schedules during the fiscal year: Statements of actual and Estimated Revenue; Statement of Actual and Estimated Expenditure; Comparative Statement of Revenue and Expense; Combined Statement of Cash Receipts, Disbursements and Balance – All Funds; and Forecast of Cash Position – All Funds.

Complete interim reports should be prepared and distributed at regular intervals throughout a fiscal period, generally monthly, although small governmental units have little financial activity may find a bimonthly or quarterly period satisfactory.³⁷

³⁷ Hay, Kattelus and Wilson: *Accounting for Governmental and Nonprofit Entities*, 12th Edition, McGraw-Hill, New York, 2001, 393-394

According to Engstrom, state and local governments are encouraged to prepare a Comprehensive Annual Financial Reports (CAFR). It should be prepared and published, covering all Funds and Activities of the primary government and providing an overview of all component units of the reporting entity. A comprehensive annual financial report should include: introductory section, management's discussion and analysis (MD and A), basic financial statements (government – wide financial statements, fund financial statements, notes to financial statements), require supplementary information other than MD and A, combining and individual fund statements, schedules, narrative explanations and statistical sections.³⁸

2.6 Analytical Tools and Techniques of Fund Management and Utilization

To evaluate the performance of fund management and its utilization, whether the organization is profit oriented or service oriented, organizations have certain financial tools and/or techniques. According to SRF fund management hand book, the main tools and techniques are: cash flow modeling and financial planning/projection, role of auditing/accounting in financial management, present value, grant equivalency, investment return, balance sheet analysis, loan portfolio analysis, key financial measures, and financial indicators.³⁹

³⁸ *Copley and Engstrom: Essentials of Accounting for Governmental and Not-for-Profit Organizations, 7th Edition, McGraw-Hill, Boston, 2004, 25*

³⁹ *Environmental Protection Agency: www.epa.gov/own/finan.htm, United States, April 2001, 4-1*

According to Mosich, the purpose and the preparation of the statement of cash flows, analysis of financial statements, and accounting for the effects of changing prices constitute the final part of a business.⁴⁰ These tools evaluate the performance of the business effectiveness and efficiency.

To evaluate the performance of fund management and utilization, whether the organization is profit oriented or service oriented, organizations are expected to have certain financial tools and/or techniques. According to the United State Environmental Protection Agency (EPA) fund management handbook, the main tools/techniques are: Cash Flow Modeling and Financial planning/projection, role of Auditing/Accounting in Financial Management, present value, Grant Equivalency, Investment Return, Balance Sheet Analysis, Loan Portfolio Analysis, Key Financial Measures and Financial Indicators.⁴¹

According to GASB'S study, there are three primary groups of users of governmental financial reports: Citizen Groups; legislative and over sigh officials; and investors and creditors. Citizen groups use financial report to evaluate efficiency and effectiveness, compare results of the current year with previous years, assess financial operations and financial conditions, determine compliance with the budget, and advocate certain programs or actions. Legislative and oversight officials use governmental financial

⁴⁰ *A.N.Mosich: Intermediate Accounting, Revised 6th Edition, McGraw-Hill, New York, 1989, 1154*

⁴¹ *Environmental Protection Agency: www.epa.gov/own/finan.htm, United States, April 2001, 4-1*

reports to evaluate executive branch funding and spending proposals and monitor fund activity and financial position and analyze fund balances. Finally, investors and creditors use reports to ascertain the ability of government to rely its debt and they considered to be investor, bond rotors, bond insurers and underwriters.⁴²

2.7 Challenges and Requirements about HIV/AIDS Fund⁴³

According to the Indonesian Partnership Fund for HIV/AIDS, the HIV/AIDS response for financing (both in terms of mobilizing and allocating) are faced with the following challenges: extremely weak current financial data, project based monitoring and evaluation frameworks do not include financial data, financing sources and allocating mechanisms are extremely diverse and systems are complex, financing agents are reluctant to the share all financial data particularly on administrative/management costs, and decentralization without strong financial systems has further complicated tracking.

Management and coordination arrangements are required to support the following: reviewing policies and priorities, directing funding to meet those priorities, coordinating activities and funding to ensure increased coverage of priority population and priority areas, reporting to government, donors and other funding partners, and monitoring and evaluation. In addition, HIV/AIDS fund requires mechanisms for mainstreaming activities or funds can be explored through the establishment of innovation fund for

⁴² *Copley and Engstrom: Essentials of Accounting for Governmental and Not-for-Profit Organizations, 7th Edition, McGraw-Hill, Boston, 2004, 261-262*

⁴³ *National HIV/AIDS Action Framework of Indonesia: 20 January 2005, 21-35*

HIV/AIDS, decentralization development programs, 'demand' driven programs led by PLWHA networks, and mainstreaming HIV/AIDS.

SUMMARY

Fund management should include developing a plan (establishing short and long term goals), program management, and program evaluation. Fund management program has several goals. The main ones are: efficient utilization and maintained in perpetuity, and achieving its result. Time is a critical element when considering fund management.

According to Likierman, there are four principal sources of revenue for local authority services: government grants; national non-domestic rates; community charges; and sales, fees, and charges paid by service users.

Based on Management Sciences for Health, HIV/AIDS programs usually involve three basic types of resource transfers: funds transferred either directly to an implementing partner or through another organization; commodities and associated support services; and technical assistance.

According to Jones, different public sector organizations adopt different accounting practices. The main ones are: budgetary accounting, cash accounting, accruals accounting, commitment accounting and fund accounting. These five are not mutually exclusive. That is one organization might adopt budgetary accounting, cash accounting

and/or fund accounting simultaneously. It is also possible for one organization to adopt all five simultaneously.

To evaluate the performance of fund management and its utilization, whether the organization is profit oriented or service oriented, organizations have certain financial tools and/or techniques such as: cash flow modeling and financial planning/projection, role of auditing/accounting in financial management, present value, grant equivalency, investment return, balance sheet analysis, loan portfolio analysis, key financial measures, and financial indicators. However, these tools directly more effective in business oriented organizations.

The HIV/AIDS response for financing (both in terms of mobilizing and allocating) are faced with the following challenges: extremely weak current financial data, project based monitoring and evaluation frameworks do not include financial data, financing sources and allocating mechanisms are extremely diverse and systems are complex, financing agents are reluctant to the share all financial data particularly on administrative/management costs, and decentralization without strong financial systems has further complicated tracking.

CHAPTER THREE

3. DATA ANALYSIS AND DISCUSSION

This chapter describes the main issues of the actual findings which are based on the organization's strategic management documents, accounting and financial records, budgeting records and processes, and main HIV/AIDS intervention areas. Besides, it will be identified the sources of funds, a flow of fund, its accounting and financial management system, nature of financial reporting, number of fund providers involved in HIV/AIDS, sectors involved and included in the HIV/AIDS research. Furthermore, the paper consists of the actual performance of fund management and utilization in implementing sector organizations and the coordinating office in the region (Tigray HACPO). Finally, this research identifies the challenges and lessons learnt on HIV/AIDS fund management and its utilization in selected implementing agencies and Tigray HAPCO.

3.1 Background of the Organization

3.1.1. The Organization

Tigray regional state is one of the nine regional states of Ethiopia located in the Northern part of the nation. It share borders with Eritrea in its northern and north western part;

Sudan in Western part. It also shares with the other regional states: Amhara regional state in its southern and south western part and Afar regional state in the Eastern part.

Tigray regional state has 34 rural woreda administrations and 12 city administrations that have a decentralized authority and have their representatives in the political system. Besides, it has six zones which possess a coordinating function. (They do not have their own status of decentralization). This region is estimated to have around 5 million in population and 83% of which is living in rural areas.⁴⁴

The Federal government and regional state are working to curb HIV/AIDS pandemic by developing strategic framework and strategic plan. In the strategic framework, areas of intervention are identified and stated clearly. Information, education and communication (IEC); sexually transmitted infection (STI) control; blood safety; care and support to people living with HIV/AIDS (PLWHA) and those who are affected; prevention of mother to child transmission; Condom promotion and distribution and so on.

To execute the above identified interventions areas they require huge amount of money and resources. Having this knowledge, the government of Ethiopia scours, monitors, forecasts and assesses means to obtain the required amount of resources internally and externally. Accordingly, the government secured 55 million US dollars loan from World Bank which was used for implementation of programs implemented in the cases 5 years.

⁴⁴ *Strategic Plan and Management, Tigray HAPCO, 2003, Mekelle*

In addition, sustained amount of money was obtained from UNICEF, Global Fund, Irish Aid, UNDP and other donors for execution of HIV/AIDS prevention and control intervention areas.

The government of Ethiopia also responded to the problem by producing relevant policies, establishing offices and mobilizing resources. Likewise, the government of Tigray Regional State has been playing a leading role over the years in creating and sustaining the HIV/AIDS office. The Tigray Regional State by the power vested on it by the constitution of the Region No. 49/3149/3/10, has issued proclamation for the establishment of Tigray HIV/AIDS prevention and control office (Tigray HAPCO) June 1999.⁴⁵ According to this proclamation, the office has a mandate to produce its own strategic plan, coordinate and monitor organizations who are working in HIV/AIDS prevention, mobilize resources, conduct research and development on HIV/AIDS, continuous monitoring and evaluation and other HIV/AIDS cases⁴⁶.

3.1.2 Vision, Mission, Goals and Guiding Principles⁴⁷

3.1.2.1 Vision

Aspires to see no new infection, people living with HIV/AIDS get care, treatment and support, and no impact.

⁴⁵ *The Constitution of Tigray National Regional State, 1993, Mekelle*

⁴⁶ *Tigray National Regional State for the establishment of Tigray HAPCO, Proclamation no.37/1999, June 1999, Mekelle*

⁴⁷ *Ibid.*

3.1.2.2 Mission

Coordinating and leading the multi-sectoral HIV/AIDS prevention program in the region through advocacy, develop/formulate strategic plans and programs, capacity building, resource mobilization, operational research, and monitoring and evaluation.

3.1.2.3 Goals

- Reduce the spread of HIV infection
- Reduce the social and economic impact of HIV/AIDS

3.1.2.4 Guiding Principles⁴⁸

According to the strategic plan of the regional HAPCO, multi-sectoralism, empowerment, shared sense of urgency, gender sensitivity, together with PLWHA, result oriented and best use of resources are the main guiding principles to curve HIV/AIDS epidemic.

HIV/AIDS affects persons in the productive age group both in agricultural and industrial sectors. Students, teachers, civil servants and private sector employees are also among the high risk groups. Thus, with the leading role of the government and community ownership there is a call for an integrated and comprehensive intervention strategy among all sectors including NGOs, FBO and the Private sectors. This can be achieved if

⁴⁸ *Ethiopian Strategic Plan for intensifying Multi-sectoral HIV/AIDS Response, December 2004, Addis Ababa*

all sectors mainstream prevention, care and support activities in their organizational mandate and plans.

Reducing the spread of HIV/AIDS and initiating its impact will remain difficult unless ownership and means of empowerment of individuals, families, institutions and the community at large are in place. Understanding of the devastating nature of the epidemic by the actors with a shared vision, effective planning, implementation, monitoring and evaluation of results are only possible if all stakeholders in general and the community in particular, is properly empowered.

The fight against HIV/AIDS needs to be treated with shared sense of urgency if our fight against poverty is to be successful. HIV/AIDS has to be treated with a shared sense of urgency by all actors as the toll of people being infected and affected by the epidemic continues to rise day by day. The social, political and economic status of women as well as attitude and perceived role of women in a society is an important determinant factor of collective vulnerability of HIV/AIDS. The transmission and impact of HIV/AIDS is skewed towards women. Hence, any intervention in HIV/AIDS has to be gender sensitive. Women must be actively involved in prevention, care and support activities.

People living with HIV/AIDS (PLWHA) have a tremendous power and influence to teach about HIV/AIDS from their personal and social experience. They can also train to provide care and support. The involvement of PLWHA in the fight against HIV/AIDS

has been quite encouraging and has contributed a great deal towards openness, and a reduction of stigma, denial and discrimination.

HIV/AIDS is eating up our investment and development gains. It is also diverting our meager resources from development. The HIV/AIDS response is characterized by “project” and fund driven initiatives without sufficient consideration of the intervention.

HIV/AIDS depends and worsens poverty, which in turn increase vulnerability to HIV/AIDS. Our response has been dependent on external funding and on scarce government resources as well. Therefore, best use of available resources in terms of allocation, utilization, efficiency and accountability has to be a guiding principle.

3.1.3 Intervention Areas of HIV/AIDS Prevention and Control Issues⁴⁹

According to the National Strategic Plan (in general), to prevent and control HIV/AIDS epidemic, the following major strategic issues are identified: capacity building, community mobilization and empowerment, integration with health programs, leadership and mainstreaming, coordination and networking, and focus on special target groups.

Capacity building has to be an important strategic component of HIV/AIDS prevention, care and support activities. Capacity in planning, implementation, mainstreaming, coordination, leadership, financial management, monitoring and evaluation requires

⁴⁹ *Consolidated National Report of Terminal Evaluation of IDA Support for EMSAP, HAPCO, June 2005, Addis Ababa.*

special attention. To prevent this epidemic the coordinating office, each sector, woreda, kebele and other stakeholders should have sufficient capacity.

The approach to community involvement and participation has been a serious challenge and pitfall in many development endeavors and in HIV/AIDS response to date. Supports provided to communicate must be in harmony with community needs for social mobilization in order to break the current dependency, externalization and piloting syndrome.

It is true that HIV/AIDS is not only a health problem but rather a multifaceted development crisis. Yet, it is equally true that HIV/AIDS is primarily a public health problem and a chronic infectious disease with its important implications for the health sector.

Highest-level political commitment and effective leadership are critical in the fight against AIDS in order to bring about the intended reduction of the spread of HIV and mitigate the overall impact. HIV/AIDS can be successfully tackled only when all partners at all levels are actively mobilized and empowered, and when prevention and control interventions are taken as priority development agenda and effectively integrated into the core functions of all development partners. The involvement of a wide range of actors: government organization sectors, the community, NGOs and the private organizations in the on-going fight against the epidemic requires an effective and efficient coordination

mechanisms and modalities in identifying problems, information sharing, planning, implementing, monitoring and evaluating. Coordinating and networking between stakeholders and programs avoids resource wastage and duplication of efforts, enhance success through documenting and disseminating best practices and research findings, avails technical support and ensures a smooth flow of funds and information dissemination.

Even though Ethiopia is in the stage of a generalized epidemic, it is very important to focus on special target groups to rapidly curb the epidemic and mitigate its impact. This will improve effective use of resources.

Based on those strategic issues, the following HIV/AIDS intervention areas will be successfully implemented and undertaken effectively and efficiently. IEC/BCC, VCT, sexually transmitted illness control and management, condom promotion and distribution, universal precaution, blood safety, PMTCT, care and support, research and surveillance and activities related to laws, rules and regulations.

3.1.4 Flow of Funds⁵⁰

3.1.4.1 Fund Flow Structure

The flow of funds is structured with in the financial manual of the office. Even if federal HAPCO is responsible body for the overall HIV/AIDS project/programs, regions are also

⁵⁰ *Financial Management Guidelines and Accounting System Manual , HAPCO, 2000*

responsible for the projects in their location. Fund is collected from various sources and disbursed to governmental sectors, civic society organizations, private organizations, and NGOs, faith based organizations, and local Medias. Tigray HAPCO receives fund from federal HAPCO (which includes IDA funds and Global fund), UNICEF, Irish aid, UNDP and governmental budget (Treasury of the region). These entire received fund (except the treasury) are also transferred to governmental organizations, faith based organizations and local Medias.

Fund receipt and expenditure statements and physical reports are submitted to the appropriate funding agencies for settlement of advances. In other words, all sectors that are funded by Tigray HAPCO should submit the fund receipt and statement of expenditure to Tigray HAPCO. Tigray HAPCO also submits the statement of expenditure (SOE) for its fund providers separately by summarizing the implementers' SOE for reimbursements to the funding agencies.

The flow of fund is administered as stated above while approval for funding is based on budget (approved proposal). The flow of fund to and from Tigray HAPCO looks like as follows:

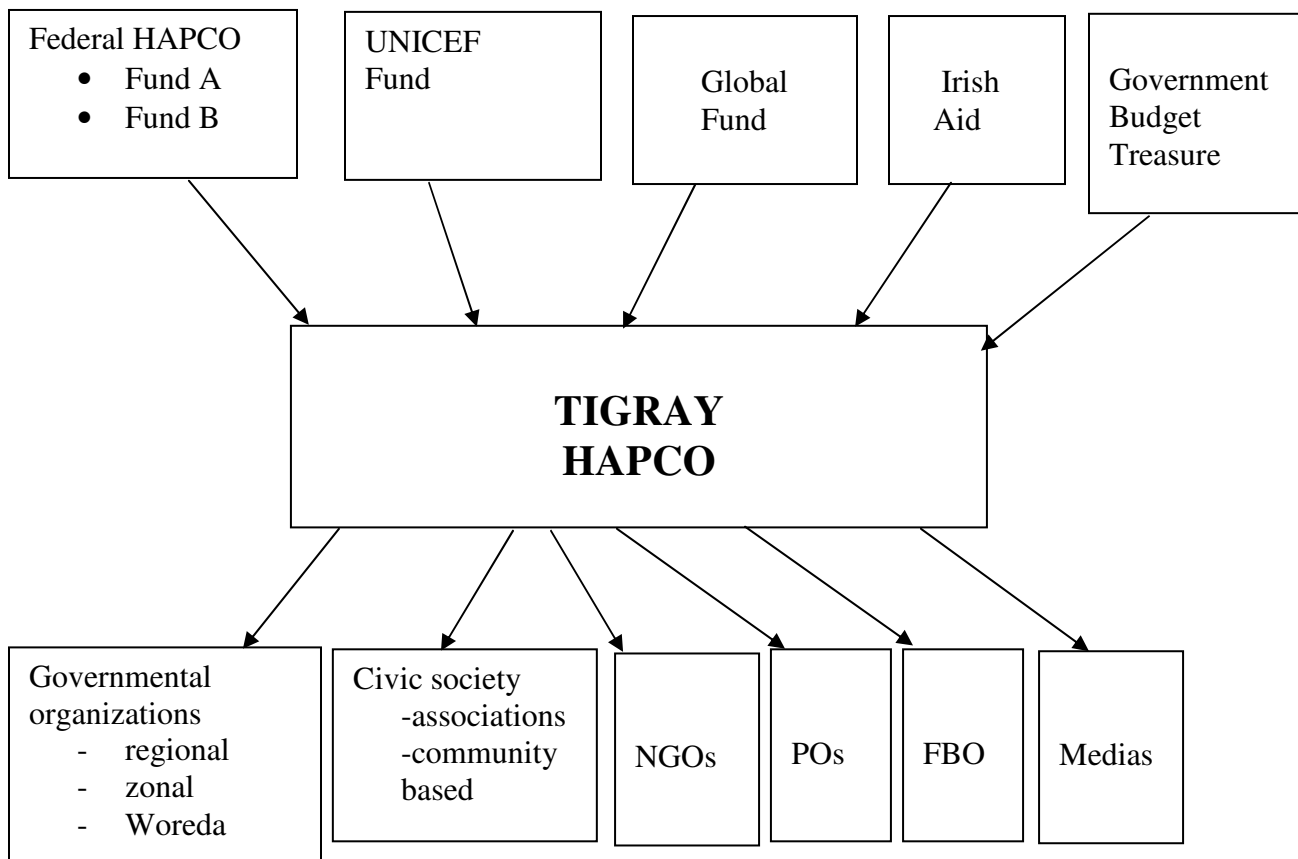


Fig. 2 Flow of funds

3.1.4.2 Sources and Applications of Funds

Based on source documents, the office has the following sources for the implementation of HIV/AIDS control and prevention programs. Treasury for the regular employees (who are working for the office) salary and benefits; World Bank loans as the main source for implementing the program; UNICEF fund a donation to curve HIV/AIDS programs. Irish aid donation for HIV/AIDS prevention and control which is area specific program; Global fund a donation which fills a gap for prevention and control of HIV/AIDS, UNDP

also a donation for HIV/AIDS prevention and control in the area of capacity building for the office and community based organizations. Besides, the grant contributions (in kind or in cash) of every implementing sector are considered as the source of fund for the office.

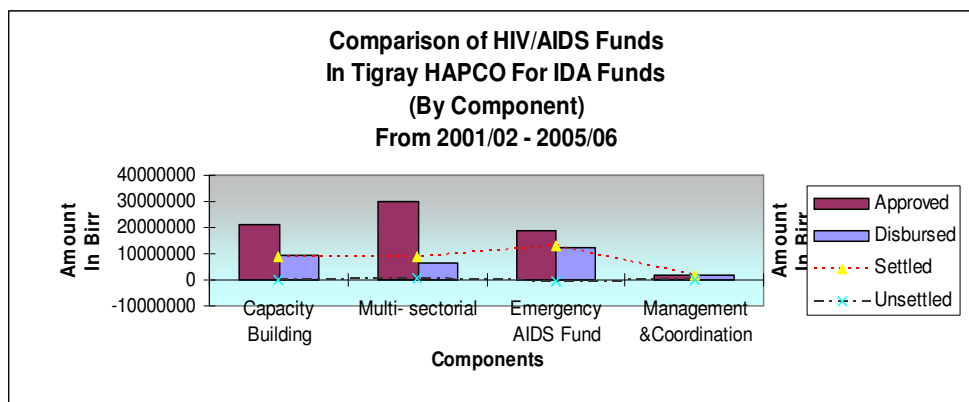
The World Bank loan (IDA Funds) is the main source of fund for implementing the programs. This fund was obtained as a subsequence of the agreement of Federal Democratic Republic of Ethiopia and the World Bank. The Bank provided 55 million US dollars loan for implementing HIV/AIDS prevention and control programs in the nation as a whole. This fund was disbursed to regions and other implementers. It is also true that regions disbursed this fund to each implementing agencies for the prevention and control of HIV/AIDS programs. There are two accounts classifications for the World Bank Fund (loan): IDA Fund “A” and IDA Fund “B”. At regional level, the first fund account is used by regions for civic societies, NGOs, Private organizations, faith based organizations, communities in kebele and other associations. Such IDA fund account “A” classification is also called as ‘Emergency AIDS Fund’. The second fund is mostly used for capacity building, government response and management and coordination for governmental organizations. Sometimes, the second account classification of the fund (IDA fund “B”) is used by community based organizations (CBO), NGOs, Pos, FBO and others for material capacity building. The World Bank loan was planned to be used for the following four programs (components): capacity building (component I), multi-sectoral

response (component II), emergency AIDS fund (component III), and monitoring and evaluation (component IV). Capacity building component involves in the area of material and human capacity for implementing sectors and the coordinating office material capacity that include office furniture's, computers, TV and Radio (Tape) for HIV/AIDS prevention and control mobilization. The human capacity also comprises awareness creation, mobilization, workshops and conferences, training another knowledge creating activities on HIV/AIDS intervention areas. The multi-sectoral response component engages on the prevention and control of HIV/AIDS intervention areas for all governmental organizations. The organizations are expected to mainstream the HIV/AIDS programs in each of their programs, allocate budget, continuous HIV/AIDS mobilization, ensuring leadership including HIV/AIDS prevention and other HIV/AIDS activities.

The 'Emergency AIDS fund' component actors are civic societies, NGOs, POs, FBO, and other influential groups. Besides, such fund is also allocated for kebele to prevent HIV/AIDS programs in order to consider HIV/AIDS epidemic in the community at large. These organizations are expected to mobilize their members, leaders, religion followers and the public at large through awareness/workshop, training, testimonials, peer to peer, and other mechanisms which are already identified in the HIV/AIDS intervention areas. The monitoring and evaluation component should be undertaken by each HIV/AIDS prevention program coordinating offices and implanting sectors. Everyone should

measure its performance in comparison with the budgeted activities and the actual achievements. Chart 1 shows the approved, disbursed, settled, and unsettled budget (fund) of the IDA funds in the last five years in Tigray HAPCO by component (capacity building, multi-sectoral response, emergency AIDS, and management and coordination). The approved budget for multi-sectoral response larger than the other components but the disbursed amount is lower than the emergency AIDS component and more than the other components. In the case of settlement emergency AIDS component was utilized and settled on time. Next to the emergency AIDS, the management and coordination component was also settled on time.

Chart 1 Comparison of HIV/AIDS Funds (for IDA Funds) by Component



Source: Financial Record of Tigray HAPCO (2001/02-2005/06)

The fund provided by UNICEF focuses on activities according to the plan developed by UNICEF, Tigray HAPCO and other interested groups together. After developing the annual plan, it is send to Addis Ababa for final approval. The major intervention areas of UNICEF are providing support and care and youth prevention. In youth prevention

activities include training, peer education, strengthening anti-AIDS clubs, IEC/BCC advocacy, etc. In support and care activities like vocational training for orphans, vulnerability reduction, support to orphans, advocacy and training are included. When planning these interventions is listed, UNICEF releases the fund to Tigray HAPCO on quarterly basis. The fund released by Ireland Embassy (Irish AID) to prevent and control HIV/AIDS in Tigray HAPCO is an annual program. This fund is area specific for all HIV/AIDS prevention programs in Eastern and Southern Zones of the region. This requires annual action plan of the region and the two zonal administration offices separately. Finally, Tigray HAPCO and the embassy will sign a grant agreement specifying the HIV/AIDS intervention areas in these zones.

The global fund is intended to fill gaps of HIV/AIDS prevention programs (activities). The main objective of this fund is to strengthen existing HIV/AIDS prevention and control programs by filling the gaps created because of budget shortage of World Bank (IDA) fund. So far the fund has been highly engaged in constructing youth centers, VCT centers, ARV and Strengthening the human capacity and employees.

Since UNDP has an interest in getting engaged on the prevention and control of HIV/AIDS in the region, it made an agreement with Tigray HAPCO to build capacity for effective implementation of HIV/AIDS programs by providing financial support to the office. The office is then obliged to implement the four thematic areas of UNDP

HIV/AIDS initiatives that are leadership development program (LDP), community capacity enhancement (CCE), mainstreaming, and working with media and arts.

3.1.4.3 Application of Funds

According to the approved budget (received from Federal HAPCO for IDA and global funds and regular budget of the regional state-Treasury) and grant agreement of UNICEF, Irish aid, and UNDP funds, each advance received is replenished through statement of expenditures-source and use of fund statement and physical reports. The following table exhibits application of funds-amount of settled funds (in birr) in each budget year by each source of fund:

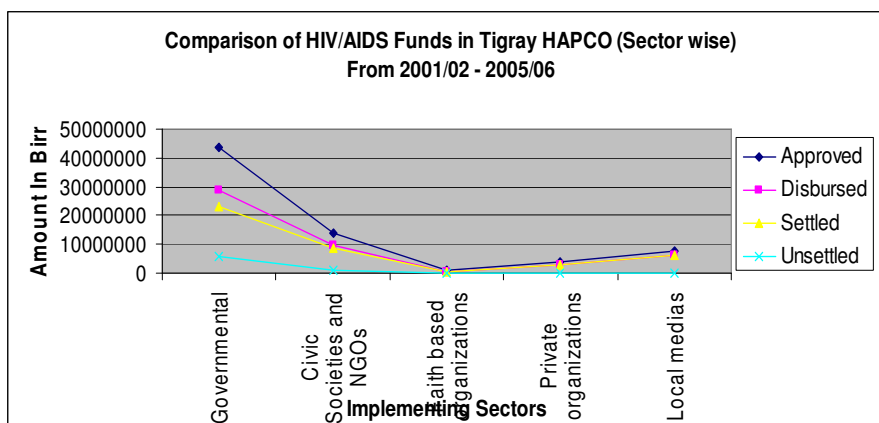
Table 3.1. Application of Funds

Source	Budget Year					Total
	2001/02	2002/03	2003/04	2004/05	2005/06	
Fund 'A'	1,548,192.97	3,007,112.82	4,049,772.60	1,727,010.88	2,787,175.26	13,119,264.53
Fund 'B'	539,605.97	2,479,448.48	2,743,752.89	2,753,049.40	4,456,756.30	12,972,613.04
UNICEF	421,850.00	515,985.50	338,810.64	117,350.21	629,746.41	2,023,742.76
Irish aid	-	-	838,990.61	1,046,471.90	707,489.27	2,592,951.78
Global	-	-	3.25	3,200,177.46	13,742,172.43	16,942,353.14
UNDP	-	-	-	57,802.85	535,889.87	593,692.72
Treasury	421,227.40	386,413.76	328,357.15	300,531.94	433,007.73	1,869,537.98
Total	2,930,876.34	6,388,960.56	8,299,687.14	9,202,394.64	23,292,237.27	50,114,155.95

Source: Financial Record of Tigray HAPCO (2001/02-2005/06)-Amount Settled

Table 3.1 exhibits that settlement of fund in 2001/02-2005/06 was Birr 2,930,876.00 and increased to Bir23, 292,237.00 in 2005/06. This indicates that the sources of HIV/AIDS fund received (collected) from different sources were increased at the same time. Besides, Global fund had the highest share in the timely fund settlement of HIV/AIDS fund and follows the IDA funds next to the Global fund. The application of HIV/AIDS funds in Tigray HAPCO (the approved, disbursed, settled, and unsettled funds) can also be described by using charts. The amounts disbursed, in chart 2, to the governmental organizations are more than the other sectors in the last five years and also they have more unsettled amount. This implies that they were weak in fund utilization and settlement on time. Civic societies, faith based organizations, private organizations, and local Medias relatively utilize and settled the fund timely in these budget years. The faith based, private, and the Medias almost have not unsettled amount of the fund.

Chart 2 Comparison of HIV/AIDS Funds by Sectors



Source: Financial Record of Tigray HAPCO (2001/02-2005/06)

3.1.5 Budgeting and Accounting System

3.1.5.1 Budgeting Process and Its Implementation

Budgeting is an important tool in monitoring resources and implementing a program/project in an effective and efficient way. It is used to compare actual expenditures with the budget and assess the performance of budgetary units. The annual budget of an organization is the quantitative expression of its management plan.

The approval of the budget by the Board of Director is expected to be obtained at the end of June of each year. The approved budget will then be promptly communicated to each implementing agencies by the head of the office (HAPCO) that releases the fund according to the approved budget. The following table exhibits approved budget/fund (in birr) in each budget year by each source of fund:

Table 3.2. Approved budget/fund by source and by year

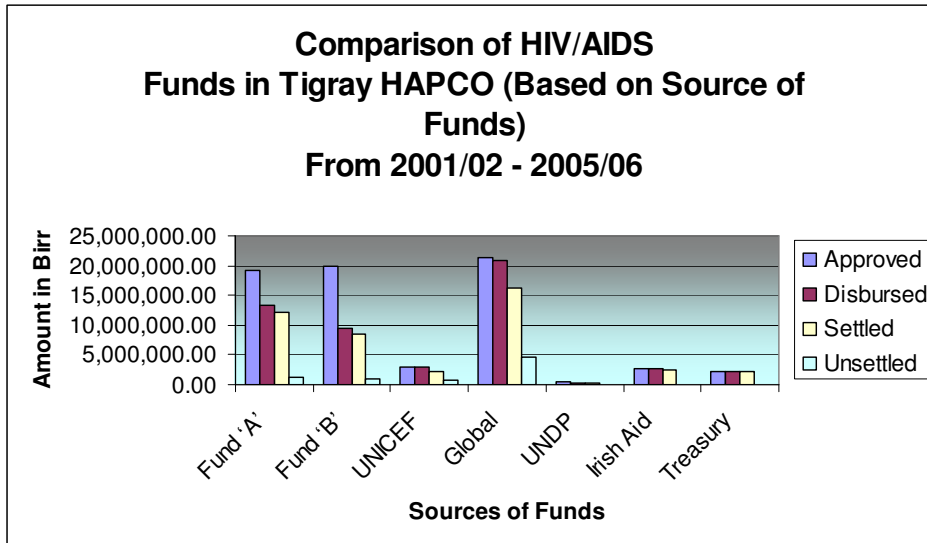
Source of fund	Budget Year					Total
	2001/02	2002/03	2003/04	2004/05	2005/06	
Fund 'A'	6,081,207.00	3,807,500.00	3,348,720.00	4,446,748.00	1,407,371.50	19,091,546.50
Fund 'B'	3,642,225.00	3,265,772.00	6,989,339.00	3,595,659.00	2,339,445.00	19,832,440.00
UNICEF	1,721,994.00	273,814.00	226,978.00	402,204.00	203,169.00	2,828,159.00
Irish aid	-	885,301.67	1,035,371.00	636,857.73	-	2,557,530.40
Global	-	-	-	9,738,080.00	11,553,424.00	21,291,504.00
UNDP	-	-	-	62,898.00	414,035.00	476,933.00
Treasury	476,700.00	398,550.00	376,228.00	393,850.00	458,454.00	2,103,782.00
Total	11,922,126.00	8,630,937.67	11,976,636.00	19,276,296.73	16,375,898.50	68,181,894.90

Source: Budget Record of Tigray HAPCO (2001/02-2005/06)

Table 3.2 shows that the approved budget (fund) of HIV/AIDS was at increasing trend (except in 2002/03). This implies that HIV/AIDS programs give due attention by government and other stakeholders which they may give a clue to provide resources for HIV/AIDS prevention, care, and support. Furthermore, from the table, Global fund was also allocate a large amount of fund to prevent, care, and support HIV/AIDS cases. Being the fund has a flexible funding system and take an experience of the IDA funds, it makes easy its system and the leading fund provider in the region. But, still the share of IDA funds (fund A and fund B) became the next leading funds to prevent and control HIV/AIDS spread in Tigray.

The application of HIV/AIDS funds in Tigray HAPCO (the approved, disbursed, settled, and unsettled funds) can also described by using charts. The amounts disbursed, in chart 3, the approved budget (fund) of Global fund and IDA funds to fight HIV/AIDS in the region have more share. These funds also have a large share compared to the disbursed amount in the last five years. Global fund also had settled a large amount of fund that implies the implementing sectors and the coordinating office were given due attention to the program. This fund had been utilizing its resources effectively and effety on time. Treasury, Irish aid, UNDP, IDA, and UNICEF funds also utilize their fund accordingly.

Chart 3 Comparison of HIV/AIDS Funds by Source of Funds



Source: Budget Record of Tigray HAPCO (2001/02-2005/06)

3.1.5.2 Accounting System

Tigray HAPCO has been following the international Public Sector Accounting Standard in recording and reporting the financial transactions of its fund. To match the sources and expenditures of the office, it uses a modified cash basis of a double entry accounting system. As it is a modified cash basis, fixed assets are treated as expenditures of the time of purchase without applying the rule of depreciation. Collections are treated as sources when actually collected and expenditures are recognized when actual payments are made.

The accounting work is performed with segregation of duties that is, custody of fund separated from recording. Cash receipts and checks payments will be recorded by means of cash receipt and check payment vouchers respectively, while all other transactions will

be recorded by means of a journal voucher. Posting will be made from these two documents.

The trial balance which is a means of testing the equality of debits and credits will be extracted from balances in the ledger and should be prepared quarterly and semi-annually and annually (but monthly for Treasury). At the end of each financial period or as needed adjusting entries will be passed by means of journal voucher and at the end of the financial period a trial balance will be extracted from which financial statements are prepared.

Source documents of each fund are allowed to be kept by the implements. The office and implementing sectors are expected to use the fund and report in accordance with this financial guideline. The coordinating office and each HIV/AIDS fund implementing sectors, they should keep their own books of account independently (based on type of fund) and made it available for auditing at the end of each budget year or at the first quarter of the immediate next budget year.

3.1.6 Fund Accounting and Financial Reporting Systems

3.1.6.1 Fund Accounting System (receipts and disbursements)

Tigray HAPCO as a coordinating office for HIV/AIDS programs receive funds from various source such as government (treasury), federal HAPCO (IDA funds), Global fund, donors (UNICEF, Irish AID, UNDP) and others to finance prevention, care and treatment

activities. Tigray regional state shows its commitments by allocating funds (budget for the salary of civil servants and covering some administrative costs of the office (like office rent, allowance and other benefits).

Funds available from the regional government through the normal government budgetary process have to be recorded in the appropriate category of expenditures. Furthermore, non cash government contributions (office) have to be also evaluated and recorded in the accounts of Tigray HAPCO. Based on this, the relevant accounts have to be charged (goods, works, operating grants by the amount contributed and credit government contribution income and reflected in the financial reports of Tigray HAPCO.

The financial manual of HAPCO states that community contribution (non-cash) for HIV/AIDS program (labour and material) should be evaluated and recorded in the accounts of HAPCO by debiting the appropriate expenditure accounts and crediting community contribution income. But, this was not practical in the last five years because of lack of consideration by HIV/AIDS program implementers and the coordinating office.

The HAPCO financial manual also states that the NGO and others contributions should be treated as debiting the appropriate expenditure accounts and crediting NGO or others contribution income. Actually, this guide was well performed in the last five years in each fund unit.

Funds will be released to governmental, civic society, NGOs, POs, FBO, and others in a tranche basis. The financial manual also clearly point out that each tranche should not exceed 25% of the approved annual work plan/proposal. In other words, fund will be released to implementing sectors based on four tranches and each tranche does not exceed 25% of the annual budget (project proposal). The first tranche (25%) will be released as soon as financial agreement is signed. However, this system was not applicable to all sources of Tigray HAPCO funds. Some of these sources were monthly (Treasury), based on programs/projects (UNICEF), and annually (Irish Aid and UNDP).

The annual work plan/project proposals Regional sector bureaus (offices), woredas administrations, zones administrations, civic society organizations and other implementers are approved by Tigray HAPCO. Tigray HAPCO consolidated the implementers' Statement Of Expenditure (SOE) based on programs and pass to each fund providers as replenishment request. In addition, Tigray HAPCO prepared quarterly consolidated sources and uses of funds and report by project activities and sends it to each donors.

Fund balances of each implementing sectors were reconciled with accounts receivable balance in the record at Tigray HAPCO at year end and discrepancies would be reconciled accordingly.

3.1.7 Nature of Financial Reporting⁵¹

A complete cycle of business operations is usually assured to occur every twelve months. However, for the effective control by management, interim financial reports on a monthly or quarterly basis are prepared summarizing all financial transactions related to the activities of the organization.

Except the Irish aid, all sources of funds for Tigray HAPCO are implemented in the form of replenishment system. A fund for first quarter released in the form of quarterly annual work plan (project proposal) and after that based on settlement (liquidation) of that fund but there should be monthly financial report for treasury in order to release the next month fund.

Implementing agencies should send financial (statement of expenditures) and activity reports at least quarterly to Tigray HAPCO. Tigray HAPCO prepared a consolidated statement of expenditure (by finance division) and activity report (by planning and programming department) based on the implementing sectors report and sent to Federal HAPCO and other donors accordingly.

Tigray HAPCO prepared an annual work plan and financial reports at the end of each Ethiopian budget year. These reports submitted to HIV/AIDS board, BOFED, Federal HAPCO, and other donors. The financial reports prepared by HAPCO includes: Trial

⁵¹ *Ibid*

Balance Statement of sources and Application of funds, Balance sheet, and schedules and other descriptions quarterly and annually.

There are four methods used for withdrawing funds from the fund providers (donors) account: reimbursement, direct payment, special account, and special commitment.

Having the above details of background of the organization, Application of funds, fund flow and budget related issues, Nature of Financial Reporting the following discussion is made based on the replied questionnaire set for data collection.

3.2. Respondents Background and Profile

In this research that was made on fund management and utilization on HIV/AIDS in Tigray regional state HIV/AIDS Prevention and Control Office (**HAPCO**), two major respondents were involved, one from the Tigray HAPCO as an office responsible for coordinating and disbursing funds and twenty one respondents from HIV/AIDS implementing sectors. Of these twenty one respondents from HIV/AIDS implementing sectors, 14 (66.7%) were males and 7 (33.3%) were females. The representative from HAPCO is male.

Table 3.3. Sex of respondents

Sex	Female	%	Male	%	Total	%
No. of respondents	7	31.8	15	68.2	22	100

Following the identification of the sex of the respondents, the work status of the respondents in their respective organization was also assessed to foresee their capacity to respond the questionnaire, which revealed table 3.3 described above.

Table 3.4. Status and office position of respondents

Status	Clerk	Junior Accountant	Senior Accountant	Finance Head	Grand Total
No. of Respondents	1	6	7	8	22

From table 3.4, it is possible to realize that the respondents are representative enough and knowledgeable to reply to the questions pertaining to fund administration, control and overall management as they are working in one way or the other related to accounting. Equivalently, the one from HAPCO is finance head.

As status alone can't mitigate the required information, the education level and qualification of the respondents was also an interest in the investigation. Along this via the assessment also ratified that 15 (68.2%) are Bachelor degree graduates while the remaining 7 (31.8%) are diploma graduates. Cognizant to the qualification of the respondents, their respective profession was also an interest to testify how they can be fit to the administration, control and management of fund. Albeit two (9.1%), who are graduates in management, all the remaining nineteen (90.9%) were either graduates or diploma in accounting encompassing twelve of them with a bachelor degree and seven of

them with a diploma. The representative from HAPCO is a bachelor degree graduate in Accounting.

Table 3.5. Nature of employment of respondents

Nature of Employment	Contract	%	Regular	%	Grand Total	%
No. of Respondents	3	13.64	19	86.36	22	100

The nature of employment of the respondents is one of the factors for the ownership of the tasks bestowed to the employee related to fund management and utilization. Owing to this fact an assessment of the nature of employment of the respondents was checked out and it described that 19 (96.36%) are regular while only 3 (13.64%) are contractual. This would show that, the accountability is by large essence respected as majority of the employee are regular. And, this would entail that the feedback offered by the respondents is more or less reliable.

3.3. Organizations Involved in the HIV/AIDS Programs

Here under, the organizations involved in various programs on HIV/AIDS, their sources of fund, clarity of the Project (fund) agreement and related issues are discussed.

Table 3.6. Organization where respondents are working

Organization	Civic Society	Faith Based	Government	Private	Local NGO	Grand Total
No. of respondents	3	2	12	5	0	22

Table 3.6 states out that of the twenty two respondents, 12 (54.55%) are from government organizations where as 10 (45.45%) are from various non-government organizations. This also ratifies the representative nature of the respondents as they are not solely from the government. But, all the respondents except three (86.36%) are working at a regional office, while the remaining three (13.64%) are working at zonal offices.

Table 3.7. Source of HIV/AIDS fund

Sectors		HAPCO (Received) an average by year
Sources of Fund	Number of respondents	
IDA Fund A	10	2,661,253.00
IDA Fund B	9	1,899,199.00
UNICEF	10	570,552.60
Global Fund	9	10,476,368.00
Irish Aid	3	852,510.10
UNDP	3	176,889.80
Others	4	420,756.40

Table 3.7 shows the sources of fund to the implementing sectors and the coordinating office (THAPCO) in relation to HIV/AIDS. From the table we can see that UNICEF, IDA fund A and IDA fund B, and the Global fund are the major sources of fund that constitute about nine and/or ten of the sectors. Yet, the other sources of fund such as Irish Aid, UNDP and some others that are received from non-HAPCO lines. This

happens so because there are other fund providers for proposals developed by independent offices, bureaus, charity organizations etc and some of the implementing sectors include these sectors. It also is possible to realize that, one source of fund could solicit fund to more than one sector, especially among the major sources. The amount of fund received by HAPCO from each of the sources of fund is also presented in the table describing that global fund takes the lions share in the amount of money disbursed. The next highest share goes to both the IDA funds. In the ranking discussed above, UNICEF was found to be relatively the better in both timely disbursement and settlement. But, from the amount of money disbursed we can see that UNICEF's fund is peculiarly small enough which could support efficiency. Surprisingly, however, the global fund is the first in the amount of money disbursed and equivalently was found to be among the best ranks in both the timely disbursement and settlement. This could raise an issue of the ranking as attached to the amount of fund taken in action depending on the amount of the fund and the activities that could be performed in relation to the fund stated.

Table 3.8. Nature of grant agreement on whether it is clearly specified or not

Response	Difficult	No	Yes	Grand Total
No. of Respondents	3	1	17	21

Table 3.8 shows the response of the respondents on whether or not the fund provided by HAPCO for HIV/AIDS prevention to their organization is clearly specified in the grant agreement. 17 (81%) of the respondents agreed that the fund is clearly specified in the

grant agreement while 1 (5%) said no. The remaining 3(14%) responded that it is difficult for them to respond, for they may have no access to get the grant agreement with which they fail to know about its details. As part of the reasons for their difficulty to know about the details of the contractual agreement, they responded that unavailability of the grant agreement is the reason. This sometimes happens because the grant agreement is hold by either the anti-AIDS committee or is put in the management office out of the finance unit. The possible reason for the one who said no was due to unavailability of the grant agreement attached with its source documents.

3.4. Fund providers, Disbursement, Settlement, Management and

Utilization of Funds

In regard to fund, there are other means of getting funds such as projects developed by self initiative of offices, bureaus, organizations, associations and individuals. There are also others like charity organizations that are involved in HIV/AIDS prevention, care and support activities such as CRDA, CRS, and USAID etc. What is discussed here is, however, fund providers who solicit the fund through HAPCO. In view of the fund management and utilization, in table 3.5 above us saw the sources. How these sources provide fund, disburse the fund and settle the fund is, however, a point to narrate.

Table 3.9. Fund providers by rank of order

Sources of Funds	First	Second	Third	Weighted Average	Rank
IDA Fund A	6	1	1	3.5	3
IDA Fund B	4	2	2	3	4
UNICEF	5	7	1	5	1
Global Fund	3	7	3	4.333	2
Irish Aid	3	0	0	1.5	5
UNDP	0	0	3	0.333	6

Table 3.9 shows the type of source for HIV/AIDS fund that is released on time as provided by HAPCO. From the table it is possible to see that the fund from UNICEF is the first ranked source of fund that is proven to be released on time as supported by the respondents. Global fund is the second, while the IDAs' are successively in the third and the fourth rank. This rank has been made by giving weights of 1, 2, and 3 for the 3rd, the 2nd and the 1st and computing the weighted average.

Table 3.10. Source of fund and settlement ranking

Sources of funds	First	Second	Third	Fourth	Weighted Average	Rank	Settlement(in average) each year in Birr
IDA Fund A	2	4	4	0	2.8	3	2,623,853.00
IDA Fund B	1	4	4	0	2.4	4	594,523.00
UNICEF	13	0	0	0	5.2	1	404,749.00
Global Fund	2	8	1	1	3.5	2	8,471,177.00
Irish Aid	1	0	1	0	0.6	6	864,317.00
UNDP	1	0	2	0	0.8	5	296,847.00

Table 3.10 also states the rank of the type of fund for HIV/AIDS that is settled on time as provided by HAPCO to the implementing organizations. In this case also UNICEF stands the first and Global fund as the second. The amount of fund settled by HAPCO from each of the sources of fund is also presented in the table (last column) describing that Global fund, IDA funds, and Irish aid lead the HIV/AIDS fund settlement in the region within the last five years by taking an average settlement from first to third respectively. In an assessment of the reasons for the ranking of the sectors according to their efficiency in settling the fund on time, different reasons could be narrated. According to the respondents of the questionnaire, the following possible reasons have been mentioned: the HIV/AIDS fund may have specific program and time bound activity, one program activity performed through campaign, continuous follow up and control, more than one budget year program, area specific program, and given poor attention to the program. Based on this, thus the possible reasons that sectors settled their fund on time for those who have been ranked first and second as well as third can be that they have specific programs and time bound activity, continuous follow up and control, and available resource to cover the indemnified programs. The calculation of the ranking was done in a similar analogy to table 3.9.

The real efficiency in the ranking was traced out by calculating the Spearman's Rank Correlation between the two ranks for the disbursement and settlement. The Rank coefficient is calculated to be 0.97 which declares perfect positive correlation between

the two rankings, which in turn could be explained by the very fact that these ranked better do have a better financial management and utilization.

Table 3.11. Tools of fund management practiced by the implementing sectors

Tools of fund management	No. of respondents	%
Keeping the fund properly	20	90.9
Keeping Proper accounts	17	77.3
Keeping Proper Records	19	86.4
Timely Report	0	0
Timely Fund Utilization	0	0
Timely Request of Budget	0	0

Table 3.11 discusses the possible tools of fund management in the organizations of the respondents. Majority of the respondents have supported the first three; *keeping the fund properly*, *keeping proper accounts* and *keeping proper records* as major tools they follow in implementing fund management. Besides, the respondents can be considered as Individuals who have moderate understanding in the possible tools of fund management and utilization. The next three; *timely report*, *timely fund utilization* and *timely request of budget (fund)* are some of the techniques of fund utilization than are by large for fund management. In this regard an assessment was also made to see the main tools of fund management by HAPCO. In response to the question forwarded to HAPCO, among the main tools the office uses to manage fund are conducting pre-grant assessment,

appraising action plan (budget), Entering financial grant agreement, providing training to implementing sectors, and Taking continuous monitoring and evaluation.

Table 3.12. Tools of fund utilization practiced by the implementing sectors

Tools of fund utilization	No. of Respondents	%
Utilization based on agreement	19	86.4
Timely fund utilization	15	68.2
Continuous fund utilization control	12	54.5
Timely submission of utilization report	13	59.1
Continuous monitoring and evaluation system	9	40.9

Table 3.12 describes the possible tools for proper fund utilization. From this table we can see that the utilization of the fund is to a greater extent made based on the agreement, while others such as timely fund utilization, continuous fund utilization control, and timely submission of utilization report and; continuous monitoring and evaluation system are also means by them for proper fund utilization that the implementing sectors follow. In regard to this, an assessment was also made on how HAPCO is able to control the different fund it solicits for HIV/AIDS from different sources of fund and the accounting system it follows to manage funds. In this regard, the response from HAPCO revealed that this office follows a modified cash basis of accounting. However, depending on the source of funds, there are different chart of accounts. The IDA funds have one chart of accounts, Global fund has other chart of accounts independently and the treasury, UNDP, Irish-Aid, and UNICEF funds have one chart of accounts developed by the government. In regards to fund utilization, a check mark was set to validate the response given above

by the sector organizations by comparing with that of HAPCO. As a response to the question what tools are taken to cross check whether implementers have proper fund utilization or not? HAPCO responded the following:

- Comparing their statement of expenditure (SOE) with the grant agreement activities,
- Use of timely monitoring and evaluation so as to take corrective action,
- Use of external audit, and taking amendments as per the opinions of these external auditors.
- Giving sense of ownership to themselves for all the details of the documents are in their office.

So as to effectively workout the necessary fund utilization and management and properly keep activities related to the programs, the main services provided by Tigray HAPCO to the implementers include:

- Providing overall training (related to budget preparation, fund management and utilization, financial system of the fund, timely advance settlement etc).
- Providing orientation about HIV/AIDS fund management manuals, financial formats, the grant agreement formants, etc.
- Providing new ideas, if any, through circulars and letting them to discuss about and creating awareness.
- Supervision and providing feedbacks about the practices, and
- Monitoring and evaluation.

3.5. Assessment, Reflections and Knowledge on Grant Agreements

As a persuasion to the above, and by an aggregate of the evaluation, HAPCO was also given the chance to rank the efficiency of the sources of fund by utilization in the programs. Accordingly, Treasury is the first, UNICEF fund being the second the others are given in order as UNDP, Global fund, IDA fund A, IDA fund B and Irish-Aid. This analogously is the same with the response of the sectors as provided above in tables 3.9 and 3.10, with exclusion of treasury.

The propriety of the ranking made above by HAPCO is also supported with reasons and justifications that reiterate how they ranked for the first three ranks treasury, UNICEF and UNDP as;

1. Treasury

This fund (budget) is transferred from the regional government as a contribution for employee salary and benefits paid monthly and settled at the same time monthly. Since this adamantly has a pressure for getting the next fund after settling the first one, in the sense that it is not possible to get a subsequent fund without settling an already taken fund, it is found to be the first. The reason why this study didn't consider this in the rankings of table 3.9 and 3.10 is for this obvious reason.

2. UNICEF

This fund is transferred based on specific program for specific activity quarterly and settled accordingly. This means, it indirectly has also a forcing measure in that it requires

settling one quarter fund so as to gain the fund for the next quarter. This made it efficient and better than the others. In the programs of HIV/AIDS, this fund also had, as one of its stringent requirements, a hundred percent settlement in the years 2001 -2003, which it has opened to a lesser extent of giving rooms for small amount pending during settlement afterwards. Yet, this doesn't challenge the efficiency of this fund.

3. UNDP

This fund is also transferred based on specific program for specific activity and specific implementing agencies which also is settled on time. Other reason for its efficiency is that this fund doesn't extend to entertain wider implementing sectors. Since UNDP has an interest engaging on the prevention and control of HIV/AIDS in the region, by making agreement with Tigray HAPCO to build capacity for effective implementation HIV/AIDS program and by providing financial support to the office with major focus on leadership development program (LDP), community capacity enhancement (CCE), mainstreaming and working with media and arts. For this reason, its limited intervention and limited fund made it comparatively efficient.

Table 3.13. Table describing whether received funds are demand based

Are received funds demand based?	No	Yes	Grand Total
No of respondents	6	15	21

Table 3.13 describes whether the amount of fund received by the implementing sector organizations from different donors to prevent HIV/AIDS is based on their demand or

not. 15 (71%) have agreed that the fund they receive is based on their demand while 6 (29%) opposed this fact. Furthermore, those who respond ‘yes’ (the largest group) described their opinion that HIV/AIDS fund in their organization is based on organizational demand (that is, it is a demand driven fund). Relatively, it is possible to conclude that the HIV/AIDS fund is implemented based on the implementers demand. However, 29% of the respondents described that the HIV/AIDS fund in their organization is not based on their organization’s demand (that is, it is a supply driven fund). The latter one may involve in HIV/AIDS implementation program due to some external factors (social, environmental, political, or cultural). To this effect, the following table exhibits the main factors that endowed funds to be supply drives and it identifies out among the factors to be donors supply and environmental factors.

Table 3.14. Factors for not getting fund by demand

Factors	No. of respondents
Donors supply	5
Environmental Factors	1
Social factors	0
Political factors	0

Table 3.14 describes the possible reasons for not getting the fund based on their demand. 5 (83.33%) responded the reason to be the donors supply (Interest of the donors) where as 1(16.66%) responded the reason to be due to environmental factors. It is possible to say, for the former respondents, that the fund provided to their organization was not based on

their demand. This implies that HIV/AIDS fund to them was a supply driven and might not achieve its objective effectively and efficiently in comparison with those which obtained HIV/AIDS fund based on their demand. This also results in inefficient in utilization, delayed in fund request and utilization, poor performance, etc. The latter group also engaged in HIV/AIDS prevention program without clear program identification and set specific objectives. This also had similar implication with the former one and rather resulted in more serious problem than the former one.

Table 3.15. Knowledge of grant agreement by the implementing sectors

Yes	No	Grand Total
18	3	21

Table 3.15 shows the response of the respondents on whether they know the grant agreement made between their organization and Tigray HAPCO in relation to HIV/AIDS prevention programs and the amount of fund provided. Based on the table, there are three respondents (14%) who responded that they do not know the grant agreement. Being the respondents are from the finance unit of each organization, implementing without the necessary information (that is, without the grant agreement-that specifies each program versus its cost breakdown) can create a problem in the fund management, proper fund utilization, and timely request and utilization report. Consequently, this may weaken the sector to be effective and efficient in HIV/AIDS programs in particular and may hinder the performance of the region in HIV/AIDS program and resource utilization. This highlights the necessity of declaring grant agreements to all the concerned bodies for a

better fund management and utilization. Besides, those respondents may be too careless about the fund or they may not have information about the program and how to utilize the fund. This implies that they could not develop sense of ownership and know their accountability and responsibility. But, the majority knows their accountability and responsibility and they have developed sense of ownership.

In working hard in the prevention and control of HIV/AIDS, ability to solicit one's own fund is an empowerment by itself. All the discussions conducted earlier were wavering issues on fund solicited from other sources. So as to check the ability, efficiency and capacity of the implementing sector organizations on creating self generated funds, an issue has been addressed. In response to the question forwarded to the respondents on whether they budget from their own source other than the fund provided for prevention of HIV/AIDS, all 21 (100%) responded "No". This shows that the overall task is dependent on external fund. Some of the possible reasons that were described by the respondents of the questionnaire for not having their own source are:

HIV/AIDS fund has a separate responsible office to work for and generate fund for HIV/AIDS programs with which we never feel that this is our duty; organizations don't have sufficient budgets (funds) and thus because of this we never allocate budget for HIV/AIDS programs; Since we feel that it is easy to get budget (fund) for HIV/AIDS we never generate our own fund; We feel there are many other donors who can support programs related to HIV/AIDS and thus we never pay attention to generate fund; Our

organizations have no regular budgets (funds) for running HIV/AIDS programs; we have restricted funds and thus we never prioritize HIV/AIDS programs, We never allocate budget, but we perform collections of money for the service we provide as charges, etc. Besides, those implementing sectors have not included the matching funds contributed by them (contribution in kind, labor or cash) which must have been considered to be one's own sources of fund. It may be for these reasons that all responded that they don't budget from their own sources. Some of the reasons are very critical because they include misconceptions (misunderstanding), weak mainstreaming techniques, lack of ownership and responsibility, poor commitment and communication system at each level, and clarity problem. To achieve its organization vision, mission, and goals and objectives, Tigray HAPCO is advisable to enhance its strategic management planning and implementation that involve the public at large and make a forum of HIV/AIDS prevention and control mainstreaming activities. The office may also require empowering influential that may helpful for the program and resource utilization, targeting key HIV/AIDS programs to use resources effectively and efficiently.

3.6. Awareness, Evaluation and Reflections on HIV/AIDS implementing sectors and HAPCO

How awareness is made and evaluation put in recognition of the staff working in HAPCO or other sectors is dealt hereunder.

Table 3.16. Participation in awareness of HIV/AIDS by implementing sectors

Participants	No. of Respondents
All members of the organization	17
A few members of the organization	3
Management members of the organization	1
HIV/AIDS committee of the organization	2
PLWHA of the organization	1

Table 3.16 describes the category of participants in an HIV/AIDS awareness creation/workshop in their organization. Along this view, majority of the respondents 17 (81%) responded that all members of the organization do participate in an awareness creation/workshop. The remaining 19% responded that few members, management, HIV/AIDS committee and PLWHA of the organization participate in awareness creation/workshops. Since HIV/AIDS is not only an individuals' or groups of individuals' problem, all members of a given sector or all sectors should stand to fight HIV. Having such clear stand, that all members of an organization should take part in fighting against HIV/AIDS is essential and this in turn will enable the efforts to prevent the pandemic and to maintain resources so as to respect and subdue challenges against life of human. Otherwise, the pandemic will force to solicit all available resources that can't be afforded in any way, given management by way of funding as it can't be self standing and sustainable for long time.

Table 3.17. Self evaluation of HIV/AIDS fund utilization of the implementing sectors.

Evaluation	Excellent	Very Good	Good	Satisfactory	Grand Total
No. of respondents	3	11	7	1	22

Table 3.17 shows the self evaluation of the implementing sector organizations and HAPCO in the HIV/AIDS fund utilization of the organizations, from which we can see that majority is very good and good, which perhaps would need alleviating problems so as to be excellent. As the main criteria used to measure their efficiency in the HIV/AIDS fund utilization of the organization are timely fund request and settlement, area coverage of the program, staff commitment, system clarity, communication with the coordinating office, and external auditors opinions different reasons can be attributed to such a status. This implies that the implementing sectors and the coordinating office (HAPCO) can be evaluated excellent, very good and good on the performance of HIV/AIDS fund utilization to the extent that 14%, 50%, and 32% respectively. Accordingly, the fund utilization evaluation falls in between very good and good which covers 82% of the evaluation system. Even if the fund utilization evaluation is in a better position, HIV/AIDS implementing sectors and HAPCO required performing beyond this result.

In a response by HAPCO to the question is there a difference in the approved budget and received budget for HIV/AIDS prevention programs? HAPCO replied “yes” and offered possible reasons for the existence of a variation in the budget approved and received. These include; Delayed budget (project) release, Delayed settlement by SOE, No request

on time, Poor fund utilization, given little attention to the program, tight procedures and regulations of the fund, and Budget year is over. These reasons attached with those explained above by the sector organizations, could label the status of fund utilization and management at very good and good.

3.7. Challenges and Lessons Learnt on HIV/AIDS Fund Management and Utilization, and Possible Way Outs

Though some of the internal and external factors can be influencing the fund management and utilization as discussed previously, such fund management and utilization is facing challenges that could in one way or another affect the efficiency. In an attempt to address to the challenges faced by the sector organizations and HAPCO in fund management and utilization, the following were stated by the sector organization respondents. Increased overload, misunderstanding the objectives of HIV/AIDS fund, duplication of efforts, problematic disbursement system (tranche base), weak capacity in implementation, mainstreaming problem in sectors, lack of shared value on the program, relatively lower political commitment, and weak public ownership and leadership. Equivocally, HAPCO also has stated as possible challenges of HIV/AIDS fund management and utilization in implementation as follows;

Over ambition in financial plan and budget (project) approval, weak capacity in implementing the program, resource duplication (weak coordination in donors)

mainstreaming problem specially in governmental sectors, weak authority, responsibility and taking ownership, poor political commitment and leadership, poor shared value at each level, weak public ownership and poor sensitivity.

So far as such fund management and utilization has been assessed in various forms of description, it was formatively giving a clue that there is still some sort of a problem which needs to be addressed. In regard to this, an assessment was made to overview the possible lessons both the implementing sectors and HAPCO itself have learnt from practicing fund utilization, management and overall implementation. As a response to this, some of the lessons learnt as responded by the sector organization respondents are;

It requires accountability and responsibility, commitment and cooperation, leadership and ownership, timely request and utilization report, proper project plan with setting goals and objectives, timely corrective action, proper fund management and utilization, clear and transparent system, available resource (financial, human, material),and shared value at all levels. In the same way, among the lessons learnt by HAPCO as responded are HIV/AIDS fund; Requires public ownership and leadership, Considers to have clear system and transparency, Demands available financial resources and skilled human resource, Requires truth plan (proposal) with clear objectives, Requires timely budget or fund approval, transfer and utilization, Demands timely fund utilization report and studying its impact to take corrective action, Requires best and committed expertise, and Also demands empowerment of influential.

Cognizant to the possible experiences, challenges and lessons learnt, a way off for a better performance was sought to be prescribed by the respondents and in the view of the respondents they have forwarded the following suggestions in relation to fund management and utilization either in the regional state or at the national level HAPCO, other fund donors, and implementing sectors.

In regard to HAPCO (Regional and National)

- Should announce the approved budget of the projects on time.
- Should approve HIV/AIDS fund (budget) based on available information.
- Should release the expected budget or fund on time.
- Should effectively coordinate the overall HIV/AIDS fund in the programs.
- Should have strong fund mobilization skills using variety of strategies.
- Should provide necessary training to implementing sectors to build their capacity.
- Should have clear system (appraising projects, financial system, ...)

In regard to fund providers or donors (Other than HAPCO)

- Should have corporate plan to support the HIV/AIDS program.
- Should have better relationships with other HIV/AIDS fund providers.
- Should have clear and transparent system (financial and operational).
- Should have strong strategic plan to reduce poverty and impact of HIV/AIDS in parallel to the strategic plan of the nation or the region.

In regard to implementing sectors

- Should incorporate HIV/AIDS plans (either in the strategic or annual) in their program.
- Should maintain the HIV/AIDS grant agreement in finance and in programmer.
- Should have implementing mechanisms of HIV/AIDS program.
- Should have sense of ownership on the fund at all levels.
- Should have strong fund management and utilization system.
- Should avoid carelessness in implementing the HIV/AIDS program and its resources.
- Should prepare annual plan, request their approved budget (fund) on time, and utilize the fund and report on time (utilization report).
- Should mainstream the HIV/AIDS programs as strong as their capacity.

3.8. Reflection on the Instrument (Questionnaire) by the Respondents

As a way of testifying the instruments used to collect information, in this case the questionnaire, the respondents were give the chance to label in any one of the categorical preferences listed in table 3.16.

Table 3.18. Reflection towards the instruments used for the research.

Reflection of respondents to the questionnaire	No. of respondents
Very easy to understand	2
Easy to understand	8
Very complicated to understand	2
Complicated to understand	3
Time consuming	6
Too long	9
NA	1

Table 3.18 shows the reply of the respondents towards the level of simplicity of the questionnaire presented to them by the researcher. It can be considered as a too long and an easy to understand the questionnaire because most respondents fall around these two groups. But this does not mean that the other groups are not as such insignificant. This implies that the questionnaire provided by the researcher was not as such complicated to understand but it was too long which encompasses a large number of questions that may consume more time. Besides, from this, respondents of the questionnaire most probably like relatively clear as well as a few number of questions.

Summary

According to the data analysis and discussion, Tigray HAPCO had a very ambitious financial plan (budget) to fight HIV/AIDS and to reduce its impact in the region in the last five years (2001/02-2005/06).

The office had received, disbursed, and settled a large amount of money to curb HIV/AIDS through different implementing sectors for HIV/AIDS intervention areas. Furthermore, the analysis identifies that the coordinating office (HAPCO) and the implementing sector organizations relatively have effective and efficient HIV/AIDS fund management and utilization in these five years.

Besides, we can understand that Global fund, IDA funds, and Irish aid are the first, second, and third leading sources of fund for the last five years respectively, they have also best performance in fund utilization (by taking the average they disbursed and settled) on the implementation of HIV/AIDS fund. However, the coordinating office (HAPCO) and the implementing sector organizations have challenges in the implementation of HIV/AIDS fund management and its utilization. The coordinating office has a large shortage of financial resource and skilled man power to coordinate the overall activities of HIV/AIDS program and the implementing sectors have a problem in taking ownership, mainstreaming, timely fund request and utilization report, not incorporating and allocating budget of HIV/AIDS program in their planning, and do not include the in kind contribution in their report.

CHAPTER FOUR

4. CONCLUSIONS AND RECOMMENDATION

4.1 Conclusions

Tigray HAPCO has been working in HIV/AIDS prevention, care and support for a number of intervention areas such as awareness creation, PMTCT and VCT services, production and distribution of condom, mainstreaming activities, and etc. It allocates and finds resources for prevention, care and support of HIV/AIDS. The HIV/AIDS intervention areas are implemented in the region by governmental and non-governmental organizations, civic societies, religious organizations, and other interested groups. According to the data analysis and discussion, it is possible to conclude using the following points about THAPCO HIV/AIDS fund management and utilization:

The major sources of HIV/AIDS fund in THAPCO are IDA fund A and IDA fund B, UNICEF, the Global fund, Irish aid UNDP, and the Treasury. The UNICEF, IDA funds, and the Global fund are the major sources of fund that constitute most of the implementing sectors. Yet, the other sources of fund such as Irish Aid, UNDP and some others that are received from non-HAPCO lines are also other source for few implementing sectors. It also is possible to realize that, one source of fund could solicit fund to more than one sector, especially among the major sources.

The amount of fund received by THAPCO from each of the sources of fund is describing that global fund takes the lions share in the amount of money disbursed. The next highest share goes to both the IDA funds.

According to the majority of the implementer's response, HIV/AIDS fund has clearly specified the objectives (activities) and cost breakdowns in the grant agreement. But, few implementers do not agree that the grant agreement has such clarity. The main reason is that no access to get the grant agreement because sometimes the grant agreement is hold by either the anti-AIDS committee or is put in the management office.

Some implementing sectors settle their fund on time but others may not. The possible reasons for those who are settled on time can be: have specific programs and time bound activity, continuous follow up and control, and available resource to cover the indemnified programs.

The possible tools of HIV/AIDS fund management are, identified by HIV/AIDS fund implementers, *keeping the fund properly*, *keeping proper accounts* and *keeping proper records* as major tools they follow in implementing fund management. The coordinating office (THAPCO) also includes conducting pre-grant assessment, appraising action plan (budget), Entering financial grant agreement, providing training to implementing sectors, and Taking continuous monitoring and evaluation as main tools of fund management.

THAPCO checks whether implementing sectors have proper fund utilization or not by comparing the SOE with the grant agreement activities and cost break downs, Use of timely monitoring and evaluation so as to take corrective action, Use of external audit, and taking amendments as per the opinions of these external auditors.

The main services provided by Tigray HAPCO to the implementing sectors for effective and efficient utilization of resources include: Providing overall training (related to budget preparation, fund management and utilization, timely advance settlement etc); Providing new ideas, if any, through circulars and letting them to discuss about and creating awareness; Supervision and providing feedbacks about the practices; and Monitoring and evaluation.

The amount of fund received by the implementing sector organizations from different donors to prevent HIV/AIDS is based on their demand. In other words, they describe their opinion that HIV/AIDS fund in their organization is based on organizational demand (that is, it is a demand driven fund). Relatively, it is possible to conclude that the HIV/AIDS fund is implemented based on the implementers demand. However, few organizations described that the HIV/AIDS fund in their organization is not based on their organization's demand (that is, it is a supply driven fund). They may involve in HIV/AIDS implementation program due to some external factors or donors interest.

Even though the majority of the implementing sector organizations know the financial grant agreement, few sectors do not know the grant agreement. Being the respondents are from the finance unit of each organization, implementing without the necessary information (that is, without the grant agreement-that specifies each program versus its cost breakdown) can create a problem in the fund management, proper fund utilization, and timely request and utilization report.

Almost the overall HIV/AIDS prevention, care and treatment of THAPCO's implementing sectors are dependent on external funds. Some of the possible reasons for not having their own sources are: they consider as they do not have such duty; lack of sufficient budgets (funds); few sectors never generate their own fund; they feel that this fund have many other donors; no regular budgets (funds) for running HIV/AIDS programs; others have restricted funds, etc. Besides, those implementing sectors have not included the matching funds contributed by them (contribution in kind, labor or cash) which must have been considered to be one's own sources of fund.

Since HIV/AIDS is not only an individuals' or groups of individuals' problem, all members of a given sector or all sectors should stand to fight HIV. Having such clear stand, that all members of an organization should take part in fighting against HIV/AIDS is essential and this in turn will enable the efforts to prevent the pandemic and to maintain resources so as to respect and subdue challenges against life of human. Otherwise, the pandemic will force to solicit all available resources that can't be afforded in any way,

given management by way of funding as it can't be self standing and sustainable for long time.

As the main criteria used to measure their efficiency in the HIV/AIDS fund utilization of the organization are timely fund request and settlement, area coverage of the program, staff commitment, system clarity, communication with the coordinating office, and external auditors opinions different reasons can be attributed to such a status.

Furthermore, according to THAPCO there are differences in the approved budget and received budget for HIV/AIDS prevention programs. Some of the possible reasons for the existence of a variation in the budget approved and received are: Delayed budget (project) release, Delayed settlement by SOE, No request on time, Poor fund utilization, given little attention to the program, tight procedures and regulations of the fund, and Budget year is over.

Some of the main HIV/AIDS fund challenges faced by the sector organizations are: Increased overload, misunderstanding the objectives of HIV/AIDS fund, duplication of efforts, problematic disbursement system (tranches base), weak capacity in implementation, mainstreaming problem in sectors, lack of shared value on the program, relatively lower political commitment, and weak public ownership and leadership. Equivocally, HAPCO also has stated as possible challenges of HIV/AIDS fund management and utilization in implementation as follows: Over ambition in financial

plan and budget (project) approval, weak capacity in implementing the program, resource duplication (weak coordination in donors) mainstreaming problem specially in governmental sectors, weak authority, responsibility and taking ownership, poor political commitment and leadership, poor shared value at each level, weak public ownership and poor sensitivity.

Some of the lessons learnt from HIV/AIDS fund by sector organization respondents are:

Requirement in the public ownership and leadership, Considers to have clear system and transparency, Demands available financial resources and skilled human resource, Requires truth plan (proposal) with clear objectives, Requires timely budget or fund approval, transfer and utilization, Demands timely fund utilization report and studying its impact to take corrective action, Requires best and committed expertise, and Also demands empowerment of influential.

4.2 Recommendations

The following recommendations, about HIV/AIDS fund, are not only used to THAPCO but also recommended to use for all implementing agencies, fund providers, and other stakes:

It is highly recommended for organizations to have clear and resource based financial plans to obtain a realistic HIV/AIDS implementation. This implies that having available financial information is a base for effective implementation on programs.

Organizations are expected to have effective capacity to implement the HIV/AIDS program properly and the resource allocated efficiently. Having strong capacity (human, financial, material and technology) leads an organization to perform its operation in a better way and utilize its resources efficiently.

HIV/AIDS fund providers (including HAPCO) are expected to announce the approved budget (fund) on time, approve the fund based on available information, and release the approved budget (fund) on time.

HAPCO is expected to coordinate the overall HIV/AIDS programs as well as the available resources effectively and efficiently. This avoids duplication of efforts, enhances better performance, makes easy to formulate priority, creates faire resource distribution, and satisfies its customers and stakeholders.

HAPCO is also recommended to have a strong fund mobilization skills and need to provide necessary training to implementing sectors to build their capacity. Having such skill will bring available financial resources, increase skilled manpower and implementation.

HIV/AIDS fund providers (other than HAPCO) are recommended to have corporate plan to support the program, better relationships with other HIV/AIDS fund providers, clear and transparent system, have strong strategic plan to reduce poverty and impact of HIV/AIDS.

HIV/AIDS implementing sectors are strongly recommended to incorporate HIV/AIDS plans in their program and have strong fund management and utilization implementing mechanisms of HIV/AIDS program.

Implementing sectors are also advised to prepare annual plan, request their approved budget (fund) on time, and timely report on fund management and utilization in order to mainstream the HIV/AIDS programs.

Whether HIV/AIDS fund providers (including HAPCO) or HIV/AIDS implementing sectors are required to have a strong monitoring and evaluation system on HIV/AIDS fund to evaluate effectively and efficiently on fund management and utilization.

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Annexes

ADDIS ABABA UNIVERSITY
FACULTY OF BUSINESS AND ECONOMICS
DEPARTMENT OF ACCOUNTING AND FINANCE
(M.Sc Program)

Questionnaire to Tigray HAPCO

INTRODUCTION

The study is primarily undertaken as requirement for the fulfillment of M.sc. Degree in Accounting & Finance. Improving the findings will be used in building the strengths and designing strategies to correct weakness in fund management and its utilization in the region. The collected data will be used only for the mentioned purpose. There fore, I cordially request your esteemed organization for volunteer to respond the questionnaire and provide accurate and complete data to the data collectors.

Thank you for your time & cooperation

1. Profile of the respondent

- (a) Sex: Male Female
- (b) Status: Finance Head Senior Accountant
Junior Accountant Clerk
- (c) Education: Masters Degree Diploma
- (d) Field study: Accounting Economics Management
- (e) Basic salary Br. _____
- (f) Employment nature: Regular Contract

2. The main sources of funds for Tigray HAPCO (Use X mark)

- a) IDA Fund 'A' e) Global fund
- b) IDA Fund 'B' f) Irish Aid
- c) UNICEF g) UNDP
- d) Treasury h) Others

3. The office has different sources of fund to prevent HIV/AIDS Programs. What accounting system is adopted for each different source? Does it fulfill the interest of donors?

4. What are the main tools of fund management in your office?

- (a) Conducting pre-grant assessment
- (b) Appraising action plan (budget)
- (c) Entering financial grant agreement
- (d) Providing training to implementing sectors
- (e) Taking continuous monitoring & evaluation

5. Tigray HAPCO provides fund for different sectors .Based on this information, what are the main tools to cross-check whether implementers have proper fund utilization or not?

6. What are the main services provided to the implementers of HIV/AIDS by Tigray HAPCO?

7. From the experience of Tigray HAPCO with the implementation of different HIV/AIDS program, in which fund has the most efficient utilization? Could you rank them? (Make for ranking 1st, 2nd, etc)

IDA fund A	<input type="text"/>	IRISH AID	<input type="text"/>
IDA fund B	<input type="text"/>	Global fund	<input type="text"/>
UNICEF fund	<input type="text"/>	UNDP fund	<input type="text"/>
TREASURY	<input type="text"/>		

8. What are the main reasons for ranking for those which ranked first, second and third?

8. The possible tools for proper fund utilization in your organization are (Use an "X" mark and use one or more than one choice):

	<input type="checkbox"/>
a) Utilization based on agreement	
b) Timely fund utilization	<input type="checkbox"/>
c) Continuous fund utilization control	<input type="checkbox"/>
d) Timely submission of utilization report	<input type="checkbox"/>
e) Continuous monitoring & evaluation system	<input type="checkbox"/>

9. Does it have any difference of approved budget and received amount for HIV/AIDS prevention program (provided by fund providers) to your organization?

a) Yes b) No c) Difficult

10. If the expected answer for # 9 is “Yes,” the possible reasons for variation between approved budget (project) and received amount is/are (Use an "X" mark and can use one or more than one choices):

- a) Delayed budget (project) release
- b) Delayed settlement by SOE
- c) No request on time
- d) Poor fund utilization
- e) Give little attention to the program
- f) Tight procedures & regulations of the fund
- g) Budget year is over

11. Use X in relation to fund management & utilization for the following sectors.

No	Implementers	Fund management				Fund utilization			
		Excellent	Very good	Satisfactory	poor	Excellent	Very good	Satisfactory	poor
1	Regional Gov't sectors								
2	Civic societies								
3	Faith based organizations								
4	Private organizations								
5	Local medias								

6	Zone Administrations								
7	Woreda Administrations								

12. In the above table, you have graded (ranked) the implementing sectors. What are the main criteria in ranking the implementing sectors?

13. Is the amount of budget (project) received from different donors (fund providers) to prevent HIV/AIDS based on your organization's demand?

a) Yes b) No c) Difficult

14. If your answer is "No" or "No information", the possible reasons can be (Use an "X" mark and can use one or more than one choices):

a) Donors (fund providers) supply b) Environmental factor

c) Social factor d) Political force

15. How do you rank the HIV/AIDS fund utilization in your organization? (Use an "X" mark)

17. Use X in relation to fund management & its utilization for the following sectors in certain criteria

No	Implementing office /bureau/ org ⁿ /association	Fund management				Fund utilization			
		Excellent	Very good	Satisfactory	poor	Excellent	Very good	Satisfactory	poor
1	Health Bureau								
2	Education Bureau								
3	Social Affairs Bureau								
4	Youth and sport Bureau								
5	Information Bureau								
6	Women's Affairs Bureau								
7	Regional Administration office								
8	Tigray youth Association								
9	Women's Association of Tigray								
10	Save Generation Association of Tigray								
11	Tigray Disabled Veteran Association								
12	Mums for Mums								
13	Tigray Muslim Affairs								
14	Mekelle Eco.& Fin. Office								
15	Mekelle Zone Orthodox								
16	Eastern Zone Administration.								
17	Bureau of Agriculture								
18	Southern zone administration								
19	Tigray population office								
20	Dymtsy weyane Tigray								

21	Gazata Weyn								
22	Tigray Farmers Association								

18. In the above table, you have graded (ranked) the implementing agencies Excellent, very good, satisfactory and poor. Can you mention the main criteria for your ranking?

19. What you have learnt about HIV/AIDS considering either its fund management or fund utilization?

21. Nature of the questionnaire

- | | | | |
|----------------------------|--------------------------|-----------------------------------|--------------------------|
| a) Very easy to understand | <input type="checkbox"/> | d) Very complicated to understand | <input type="checkbox"/> |
| b) Easy to understand | <input type="checkbox"/> | e) Time consuming | <input type="checkbox"/> |
| c) Com | <input type="checkbox"/> | | <input type="checkbox"/> |

Appendix 2

Questionnaire Ref.No 02/2007

ADDIS ABABA UNIVERSITY

FACULTY OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCOUNTING AND FINANCE

(MSc Program)

Questionnaire for HIV/AIDS Implementing Sectors

INTRODUCTION

The study is primarily undertaken as requirement for the fulfillment of Msc Degree in Accounting & Finance. Improving the findings will be used in building the strengths and

(c) Education: Diploma ee N rs

(d) Study field: Accounting omics Ma ment

(e) Basic Salary Br. _____

(f) Nature of employment: Regular Contract

2. Your organization (Use an "X" mark for indication)

- a) Governmental - Regional Zonal Woreda
- b) Civic societies - Regional Zonal Woreda
- c) Private organization - Regional Zonal Woreda
- d) Local NGOs - Regional Zonal Woreda
- e) Faith Based Regional Woreda

3. Your organization's sources of funds in relation to HIV/AIDS funds (Use an "X" mark and can use one or more than one fund type)

- a) IDA Fund 'A' d) Global fund
- b) IDA Fund 'B' e) Irish Aid
-

c) UNICEF

f) UNDP

g) Others

4. A fund provided by Tigray HAPCO for HIV/AIDS prevention to your organization is clearly specified in the grant agreement (which states intervention area, rights & obligation of your organization, and the likes).

a) Yes

b) No

c) Difficult

5. If your possible answer is "No," "Difficult" in question #4, the possible reasons can be:

6. Which type of source for HIV/AIDS fund is released on time to your organization provided by Tigray HAPCO (use an "X" mark and rank by taking 1st, 2nd, in front of each fund)?

a) IDA Fund "A"

e) Irish Aid

b) IDA Fund "B"

f) UNDP

- c) UNICEF
- d) Global fund

7. Which type of HIV/AIDS fund settled on time that is provided by Tigray HAPCO to your organization? (Use an "X" mark and rank by taking 1st, 2nd, in front of each fund).

- | | | | |
|-----------------|--------------------------|--------------|--------------------------|
| a) IDA Fund "A" | <input type="checkbox"/> | e) Irish Aid | <input type="checkbox"/> |
| b) IDA Fund "B" | <input type="checkbox"/> | f) UNDP | <input type="checkbox"/> |
| c) UNICEF | <input type="checkbox"/> | | |
| d) Global fund | <input type="checkbox"/> | | |

8. The possible reasons that settled on time for HIV/AIDS fund referring to question # 7 is/are:

9. The possible tools of fund management in your organization are (Use an "X" mark and use one or more than one choice):

- | | | | |
|------------------------------|--------------------------|--------------------------|--------------------------|
| a) Keeping the fund properly | <input type="checkbox"/> | Timely report | <input type="checkbox"/> |
| b) Keeping proper accounts | <input type="checkbox"/> | Timely fund utilization | <input type="checkbox"/> |
| c) Keeping proper documents | <input type="checkbox"/> | Timely request of budget | <input type="checkbox"/> |

10. The possible tools for proper fund utilization in your organization are (Use an "X" mark and use one or more than one choice):

- f) Utilization based on agreement
- g) Timely fund utilization
- h) Continuous fund utilization control
- i) Timely submission of utilization report
- j) Continuous monitoring & evaluation system

11. Is the amount of budget (project) received from different donors (fund providers) to prevent HIV/AIDS based on your organization's demand?

- a) Yes b) No c) Difficult

12. If your answer is "No" or "Difficult", the possible reasons can be (Use an "X" mark and can use one or more than one choices):

- c) Donors (fund providers) supply social factor
- d) Environmental factor political force

13. Do you know the grant agreement between your organization and Tigray HAPCO in relation to HIV/AIDS prevention programs and the amount of fund provided? (Use an "X" mark and can use one or more than one choices):

a) Yes b) No c) Difficult

14. If the possible answer for # 13 is 'No,' or "Difficult" the expected reasons can be:

15. Have you budgeted (funded) from your own source other than fund providers provided for prevention of HIV/AIDS? (Use an "X" mark):

a) Yes b) No c) Difficult

16. If your answer is "No", "Difficult" the possible reasons can be:

17. In your organization, HIV/AIDS fund is authorized by:

18. The participants of an HIV/AIDS awareness creation/workshop in your organization is/are (Use an "X" mark and can use one or more than one choices):

- a) All members of the organization
- b) A few members of the organization
- c) Management member of the organization
- d) HIV/AIDS committee of the organization
- e) PLWHA of the organization

19. Can you mention the HIV/AIDS intervention areas implemented in your organization?

20. How do you rank the HIV/AIDS fund utilization in your organization? (Use an "X" mark)

c) Excellent	<input type="checkbox"/>	c) Good	<input type="checkbox"/>
d) Very good	<input type="checkbox"/>	d) Satisfactory	<input type="checkbox"/>

21. In the above question, you have graded (ranked) your organization. What are the main criteria in ranking your organization?

22. Can you mention some of the HIV/AIDS fund management and utilization challenges in your organization?

23. What you have learned about HIV/AIDS considering either its fund management or fund utilization?

24. Nature of the questionnaire (Use an "X" mark and can use one or more than one choices):

- a) Very easy to understand e) Complicated to understand
- b) Easy to understand f) Time consuming
- c) Very complicated to understand g) Too long

Appendix 3

Sources of funds	Amount of Budget (in Birr)			
	Approved	Disbursed	Settled	Unsettled
Fund 'A'	19,091,546.50	13,306,262.56	12,029,704.38	1,276,557.07
Fund 'B'	19,832,440.00	9,495,992.55	8,604,338.70	891,608.85
UNICEF	2,828,159.00	2,852,763.19	2,131,670.02	721,093.17
Global	21,291,504.00	20,952,735.15	16,229,838.93	4,722,896.22
UNDP	476,933.00	353,779.68	305,532.00	48,248.68
Irish Aid	2,557,530.40	2,557,530.40	2,491,676.10	65,854.30
Treasury	2,103,782.00	2,103,782.00	2,103,782.00	0.00

Appendix 4

Implementing Sectors	Amount of Budget (In Birr)			
	Approved	Disbursed	Settled	Unsettled
Governmental	43,844,074.00	28,763,057.00	23,188,851.00	5,574,206.00
Civic Societies and NGOs	13,779,795.00	9,765,887.00	8,858,138.00	907,749.00
Faith based organizations	1,095,330.00	500,330.00	500,321.00	9.00
Private organizations	3,613,250.00	3,040,250.00	3,040,233.00	17.00
Local medias	7,843,250.00	6,410,250.00	6,233,130.00	-

Appendix 5

Component	Amount of Budget(in Birr)			
	Approved	Disbursed	Settled	Unsettled
Capacity Building	20,884,419.00	9,231,697.00	9,019,122.00	212,575.00
Multi- sectorial	30,007,062.00	6,463,035.00	8,604,590.00	341,233.00
Emergency AIDS Fund	19,092,547.00	12,306,261.00	13,119,265.00	(813,004.00)
Management &Coordination	1,941,188.00	1,878,177.00	1,879,655.00	1,478.00