



Analysis of the 2019/20 Federal Budget Proclamation

Summary

- The total approved federal budget for the 2019/20 fiscal year is Ethiopian Birr (ETB) 386.9 billion. The total budget represents an 11.6 per cent increment from the previous fiscal year. However, the high level of inflation undermines the rise in the budget. In real terms, the budget increase is only 1.8 per cent, and inflation reduction is a priority in the government's reform agenda.
- Around 80 per cent of the approved budget is planned to be financed from domestic sources in 2019/20, while the remaining 20 per cent is to be financed by external assistance and external loans.
- Of the total approved budget, 62.1 per cent is allocated for federal government expenditure, 36 per cent for general purpose grants to sub-national regional governments and 1.6 per cent for capital projects towards achieving the Sustainable Development Goals (SDGs) at regional level.
- The budget allocated for execution by the federal government continues to prioritize the social sectors with 21 per cent allocated for education, 7.3 per cent for water resources and energy and 5.3 per cent for health. It should be noted that the majority of national social sector spending is executed at the sub-national level by regional governments.
- The utilization of the total federal budget declined over the years. In terms of budget credibility, there was a wider variation between total federal expenditure and the adjusted federal budget than the total federal expenditure and the total budget originally approved.
- Federal domestic revenue collection as a proportion of planned federal revenue has been declining over the past few years. Since tax comprises around 80 per cent of the federal domestic revenue, effective tax policy and its implementation, tax compliance and tax administration should be given due attention to improve domestic revenue mobilization.

The main objective of this budget brief is to synthesize complex budget and expenditure information so that it is easily understood by stakeholders, to foster discourse, and inform financial decision-making processes. This federal government level budget brief was produced by Fanaye Tadesse Techane ftechane@unicef.org with guidance and contributions provided by Zeleka Paulos zpaulos@unicef.org. The analysis presents budget and expenditure that are recorded on-budget by the Ministry of Finance.

1. Background and Context

The federal budget consists of sector-level recurrent and capital budget allocations for execution by the federal government, unearmarked general purpose grants to sub-national regional governments (also referred to as regional block grants or regional subsidies), and additional capital budget support to regional governments to finance projects that will help achieve the targets of the Sustainable Development Goals (SDGs). The federal budget does not include the revenue that will be raised at the sub-national level by regional governments.

The 2019/20 (or Ethiopian Fiscal Year 2012) federal budget was presented to the parliament on 11 June 2019 and approved on 08 July 2019. During his budget speech,¹ the Minister of Finance reported that the International Monetary Fund (IMF) estimated the economic growth for 2019 to be around 8.5 per cent, which is lower than the planned 11 per cent economic growth rate. It was also noted that the performance of the export sector over the past 10 months was lower by 8.2 per cent compared to the same period in the previous year and could cover only 18 per cent of the country's import expenses. This has resulted in a foreign exchange reserve crunch. Many industrial firms were not able to meet their export targets due to a lack of foreign exchange to purchase needed inputs. The foreign exchange shortage has also affected the performance of imports, which has had a negative impact on tax revenues. The Minister also indicated that the plan to maintain inflation at a rate of less than 10 per cent has not materialized. The 12-month (moving average) inflation rate as of April 2019 was 12.6 per cent (food inflation 11.5 per cent and non-food inflation 13.5 per cent). In terms of tax revenue collection, although tax collected in the past 10 months was 14.1 per cent higher compared to that which was collected in the previous year over the same period, it is only 68 per cent of the set target. In terms of the utilization of external loans, measures have been taken to reduce the debt burden. The country has tightened control over non-concessional loans for financing development projects. Negotiations have been made with financiers on extending maturity dates and the provision of grace periods on the stock of existing non-concessional debt. To tackle these and other macro-economic instabilities, the government introduced the Homegrown Economic Reform Plan.

While presenting the planned budget for the 2019/20 FY, assumptions concerning major economic indicators were outlined. These assumptions include a rate of economic growth of more than 9 per cent, an average inflation rate of 9.6 per cent, depreciation of the Birr by 6 per cent and an increase in tax revenue of 6.5 per cent compared to the plan for 2018/19. There is also a strong commitment to implement tax policy reform and improve tax administration to increase tax revenue for the fiscal year. Against this background, the highlights of the federal government's 2019/20 budget are presented below.

2. Financing Sources of the Budget

The House of Peoples' Representatives of the Ethiopian parliament approved a total budget of Ethiopian Birr (ETB) 386.9 billion for 2019/20. While the total budget has shown a 11.6 per cent increment compared to the budget approved in the last fiscal year, the increase is only 1.8 per cent in real terms² (Figure 1). Even if the budget has shown a nominal increase, the real value of the budget has not increased since 2017/18. This is mainly due to the high inflation rate the country has faced in recent years. The inflation rate was 13 per cent in 2017/18 and 12 per cent in 2018/19 and undermined the nominal increase in the budget. Accordingly, high inflation is one of the most important macro-economic instabilities the country is committed to addressing in the coming fiscal year. With the implementation of tight fiscal and monetary policies, the inflation rate for 2019/20 is planned to be reduced to 9.6 per cent.

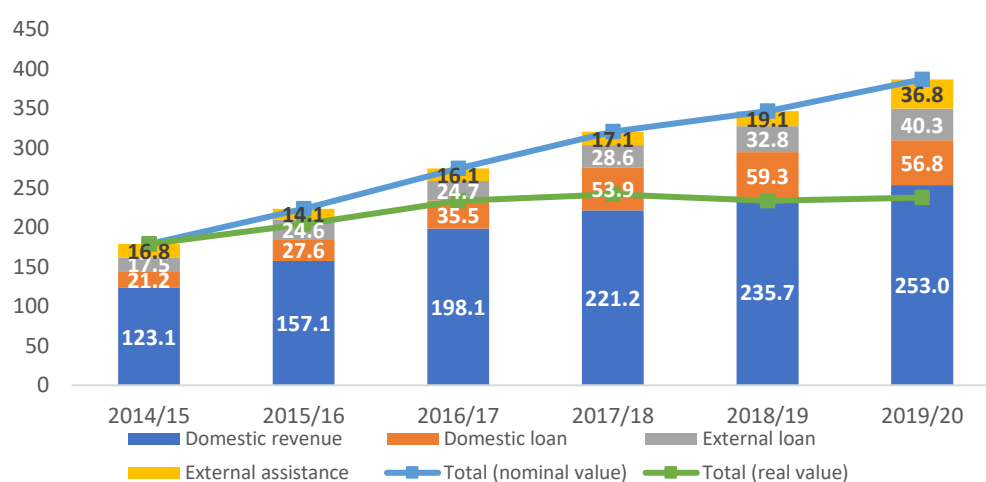
¹ Budget speech for the Ethiopian Fiscal Year 2012 presented to the Parliament by His Excellency Ato Ahmed Shide, Minister of Finance of the Federal Democratic Republic of Ethiopia, 11 June 2019.

² The inflation rate of 9.6 per cent, used by the Ministry of Finance to formulate the 2019/20 budget, has been applied to calculate the real value of the budget for the 2019/20 fiscal year.

The approved budget is financed from both domestic and external sources. Domestic sources mainly comprise of tax, non-tax and capital revenues, while external sources are borrowing and assistances in the form of grants from development partners. Around 80 per cent of the approved budget is planned to be financed from domestic sources, while the remaining 20 per cent is to be financed by external assistance and external loans.

- ETB 253.0 billion (65.4 per cent of the total budget) is planned to be mobilized from domestic revenue.
- ETB 56.8 billion (14.7 per cent of the total budget) is intended to be obtained from domestic borrowing.
- ETB 40.3 billion (10.4 per cent of the total budget) is forecasted to be collected from external sources in the form of loans.
- ETB 36.8 billion (9.5 per cent of the budget) is grant/assistance from bilateral and multilateral development partners.

Figure 1: Sources of finance for the federal budget, 2014/15–2019/20 (in billion ETB)

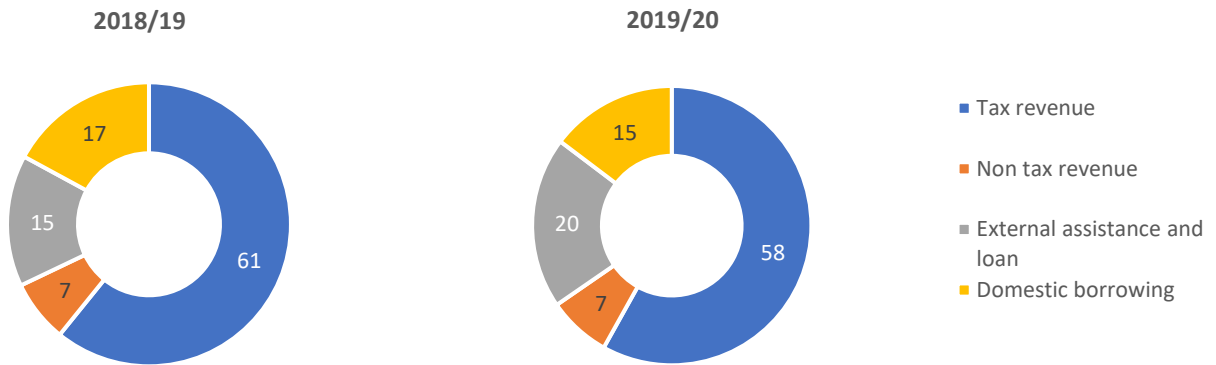


Source: Data from Ministry of Finance (MoF). Real values are calculated by the authors, with 2014/15 as the base year.

Around 89 per cent of domestic revenue is planned to be collected from tax revenue while the contribution of non-tax revenue is expected to be around 11 per cent. The share of tax revenue to GDP is generally low. Moreover, the share has shown a declining trend over recent years. The tax-to-GDP ratio, which was 12.7 in 2014/15, declined to 10.7 per cent in 2017/18. This ratio is likely to decline further in the coming fiscal year, since tax revenue is expected to increase by only 6.5 per cent, while nominal GDP is projected to increase by around 19 per cent³ compared to the previous year. The share of tax revenue to the total budget has declined from 61 per cent to 58 per cent and the share of domestic borrowing has also declined from 17 per cent to 15 per cent between the 2018/19 and 2019/20 budgets (Figure 2). Overall, the share of domestic financing has declined by 5 per cent. The reduction in domestic financing is offset by an increase in foreign assistance and loans with its share in the total budget increasing from 15 per cent in 2018/19 to 20 per cent in 2019/20. This indicates continued dependence on donor financing which will undermine the sustainability of financing basic services in the future.

³ Indicated in the budget speech for the EFY 2012.

Figure 2: Share of financing sources to the total federal budget for 2018/19 and 2019/20 (in billion ETB)



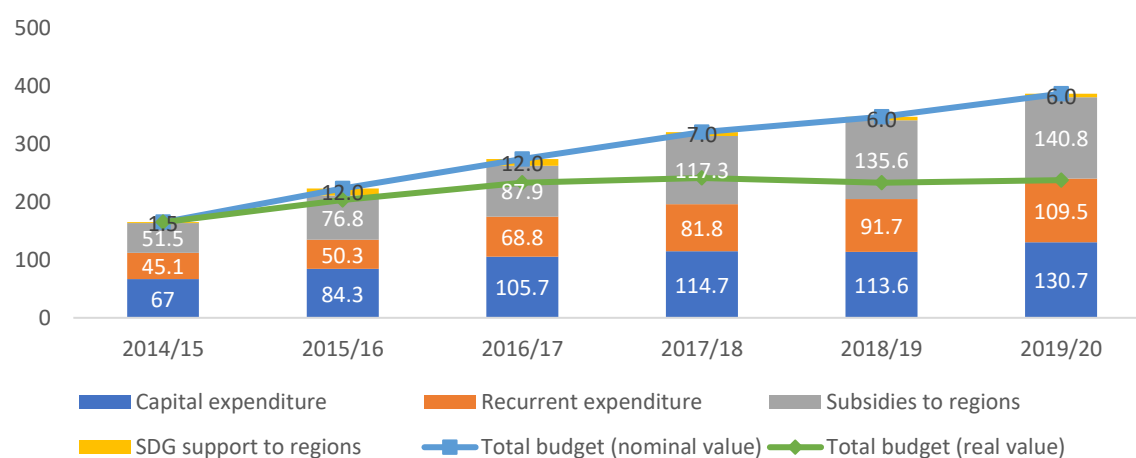
Source: Data from the MoF.

In addition to the revenue approved by the federal parliament, sub-national regional governments raise their own revenue to complement the general purpose grants they receive from the federal government. Each region independently plans its own budget and expenditure to be approved by the regional government’s parliament.

3. Budget Allocations for Federal and Sub-national Governments

Of the total approved budget of ETB 386.9 billion, 62.1 per cent is allocated for federal government expenditures (ETB 240.2 billion), 36.4 per cent (ETB 140.8 billion) is allocated for unearmarked general purpose grants⁴ to autonomous sub-national governments responsible for sub-national sector budget allocations, and 1.6 per cent (ETB 6 billion) is earmarked for supporting capital projects towards the achievement of Sustainable Development Goals (SDGs) at the sub-national level. The budget allocated for federal government spending has increased nominally by 17 per cent compared to 2018/19 (Figure 3). General purpose grants to regional governments have also shown a 3.8 per cent increase compared to last year, while the budget for supporting the achievement of SDGs at the sub-national level has remained the same in nominal terms. However, when accounting for inflation, the increment for the budget allocated to the federal government spending is only 6.8 per cent, while both general purpose grants and SDG support for the regions have shown declines of 5.3 per cent and 9 per cent, respectively, compared to last year. Hence, the increments in nominal terms are not as impressive as they initially seem.

⁴ Regional block grants or regional subsidies are terms that are interchangeably used with general purpose grants.

Figure 3: Trends of federal budget allocations, 2014/15–2019/20 (in billion ETB)

Source: Data from MoF. Real values are calculated by the authors, with 2014/15 as the base year.

4. Transfers to Sub-national Governments

Unearmarked General Purpose Grants to Sub-national Governments

The government has prioritized fiscal decentralization and local governance. Accordingly, the federal government allocates unearmarked general purpose grants to sub-national regional governments based on a formula developed by the House of Federation (Annex 2). The grant allocation formula that was in effect for the period 2017/18 to 2019/20 was extended by the House of Federation in October 2019 to be used for an additional two years.

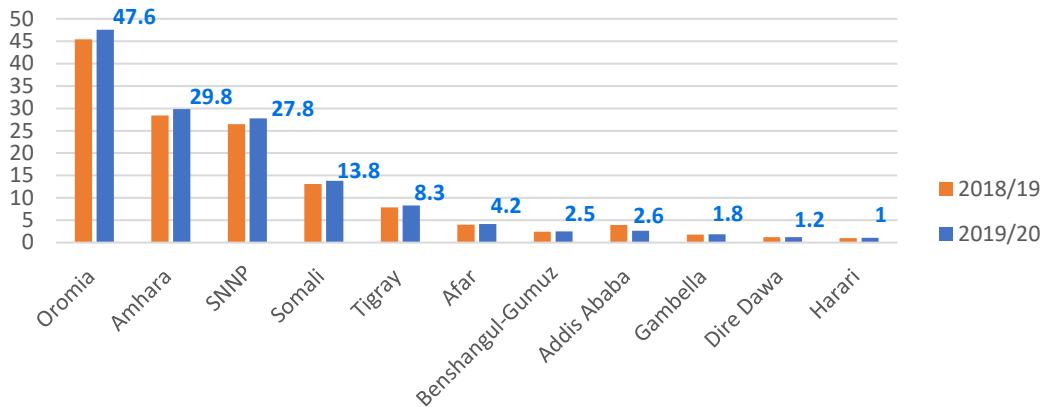
The unearmarked general purpose grants are unrestricted funds that regional governments receive from the federal government as the main source of a region's annual budget and regional governments have full autonomy in deciding how this grant will be used. In addition to the general purpose grant received from the federal government, regional budgets are also financed by the revenue that regional governments independently raise. The share of a regional government's budget that is financed by the revenue it raises itself varies from about 17 per cent to 40 per cent depending on the region.⁵ Each regional government independently determines budget allocations for sectors within its region. All nine of the regional governments and the two city administrations have their own independent parliaments that review and approve their respective regional recurrent and capital budget allocations by sector. Sub-national regional parliaments approve their respective annual budgets starting in July.

Federal transfers to regions have increased over the years in nominal terms. A higher share of the budget being allocated to regional governments reflects the government's strong commitment to devolve decision-making to lower tiers of government and a fiscal decentralization strategy with the specific objective of making public services available to all citizens. Looking at the trend in recent years, the budget allocated to regions has shown an increase of more than 80 per cent from 2015/16 to 2019/20. The nominal value of the budget for 2019/20 has increased by 3.8 per cent from 2018/19, although this represents a 5 per cent decrease in real terms. The total budget allocated to the regions in 2019/20 is ETB 140.8 billion, of which

⁵ These figures are based on 2015/16 regional budget data for only a selected number of regions (Afar, Amhara, Oromia, SNNP, Somali, and Tigray) and the figures could differ for other regions.

34 per cent (ETB 47.6 billion) goes to Oromia regional state (Figure 4). Amhara, SNNP, Somali, Tigray, and Afar regions will receive ETB 29.8 billion, 27.8 billion, 13.8 billion, 8.3 billion and 4.2 billion, respectively. Similarly, Benishangul-Gumuz, Addis Ababa, Gambella, Dire Dawa and Harari will receive ETB 2.5 billion, 2.6 billion, 1.8 billion, 1.2 billion and 1 billion, respectively. Compared to the previous fiscal year, all regions except Addis Ababa will receive a slightly higher amount of budget transfers in nominal terms.

Figure 4: General purpose grants allocated to regions, 2018/19–2019/20 (in billion ETB)



Source: Data from MoF.

Support to Sub-national Governments for Implementation of the SDGs

The federal government has been providing budgetary support to regions to help achieve the Sustainable Development Goals (SDGs). According to the proclamation in the 2011/12 FY, this support for capital expenditure is to be utilized for financing specific sectors that are determined in an agreement between the Ministry of Finance and the regional governments. The budget is intended to be allocated for providing equitable service delivery and access to productive resources. In 2019/20, ETB 6 billion will be transferred to regional governments as per the grant formula for aiding the implementation of the Sustainable Development Goals (SDGs). Although this is nominally the same amount that was transferred to the regions in 2018/19, it represents a 9 per cent decrease in real terms.

5. Budget Allocations for Implementation by the Federal Government

For the 2019/20 fiscal year, ETB 240.2 billion is allocated for execution by the federal government, of which ETB 109.5 billion (45.6 per cent) is allocated for federal recurrent expenditure and ETB 130.7 billion (54.4 per cent) for federal capital spending. The balance between capital versus recurrent expenditures in 2019/20 has not changed much from 2018/19. Compared to 2018/19, the recurrent and capital budgets to be executed by the federal government have increased in nominal terms by 19.4 per cent and 15.1 per cent, respectively. However, in real terms, the increments from last year amount to only 8.9 per cent for recurrent expenditure and 5 per cent for capital expenditure.

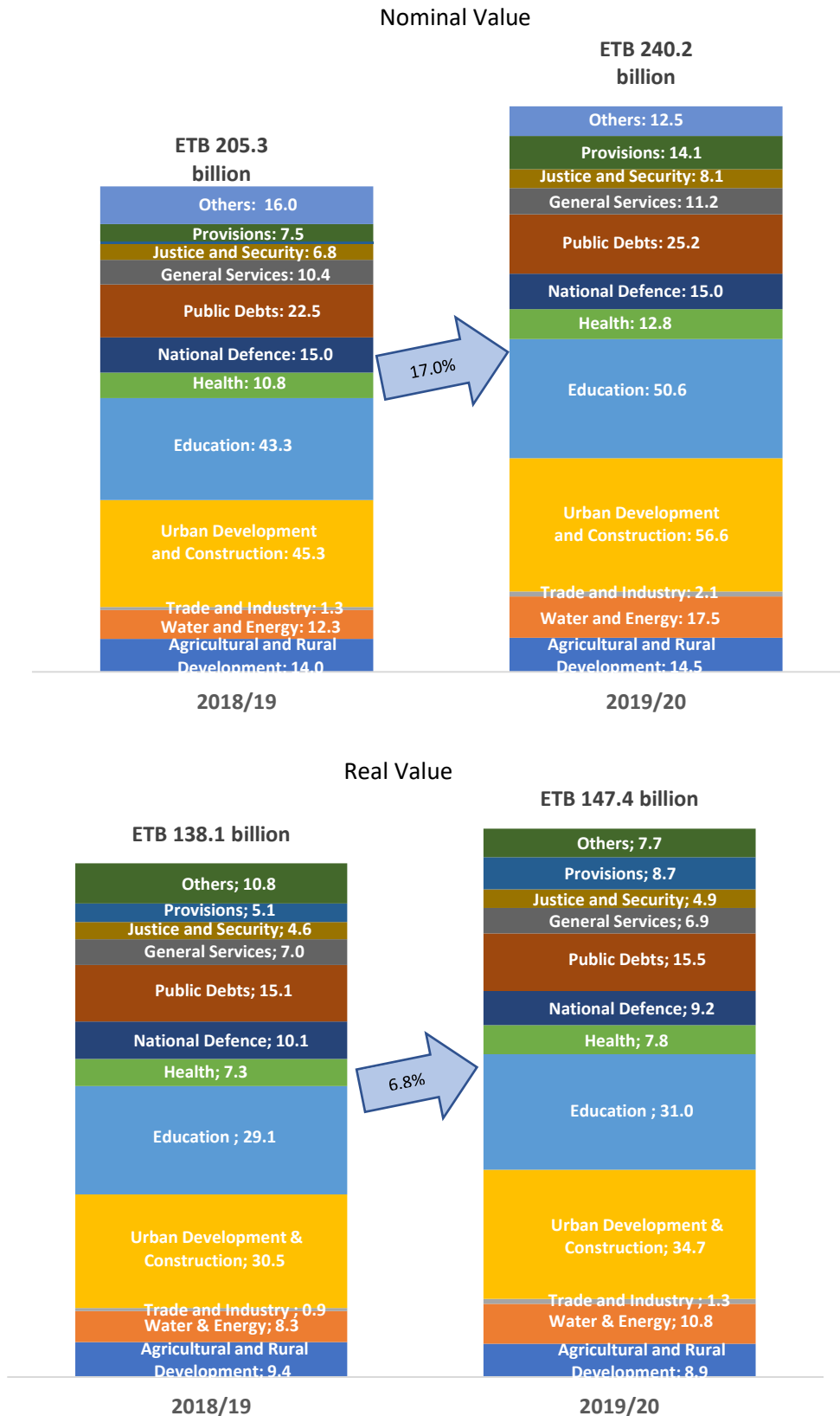
The federal budget only shows the resources that are allocated across sectors for execution by the federal government. At the sub-national level, the general purpose grants received by regions and the resources the regions mobilize themselves are allocated across sectors by the respective regional governments independently. The sector allocations in the federal government budget do not consider the sector

allocations to be implemented by the regional governments, and if considered alone will therefore understate the overall national budget allocated for each sector. For instance, budget analysis of the education and health sectors for 2016/17 showed that about 70 per cent of the national health on-budget expenditure and 52 per cent of the national on-budget education expenditure were expended by the regional governments⁶. With this caveat, this section presents analysis of the federal budget across sectors.

The top three sectors that have the highest federal budget allocation in 2019/20 are urban development and construction, education and public debt financing with ETB 56.6 billion, ETB 50.6 billion and ETB 25.2 billion allocated to each respectively. Debt servicing comprises around 10 per cent of the budget. With an external debt to GDP ratio of 32.2 per cent, the Debt Sustainability Assessment (DSA) of the International Monetary Fund (2018) shows that Ethiopia is at high risk of debt distress due to its low export base. The budget allocated for debt servicing is increasing in recent years and is expected to increase in the future as debts taken for the financing of mega projects are beginning to mature. Although there is a commitment from the government to not expand public debt any further, the existing heavy debt burden will continue to challenge the economy for years to come.

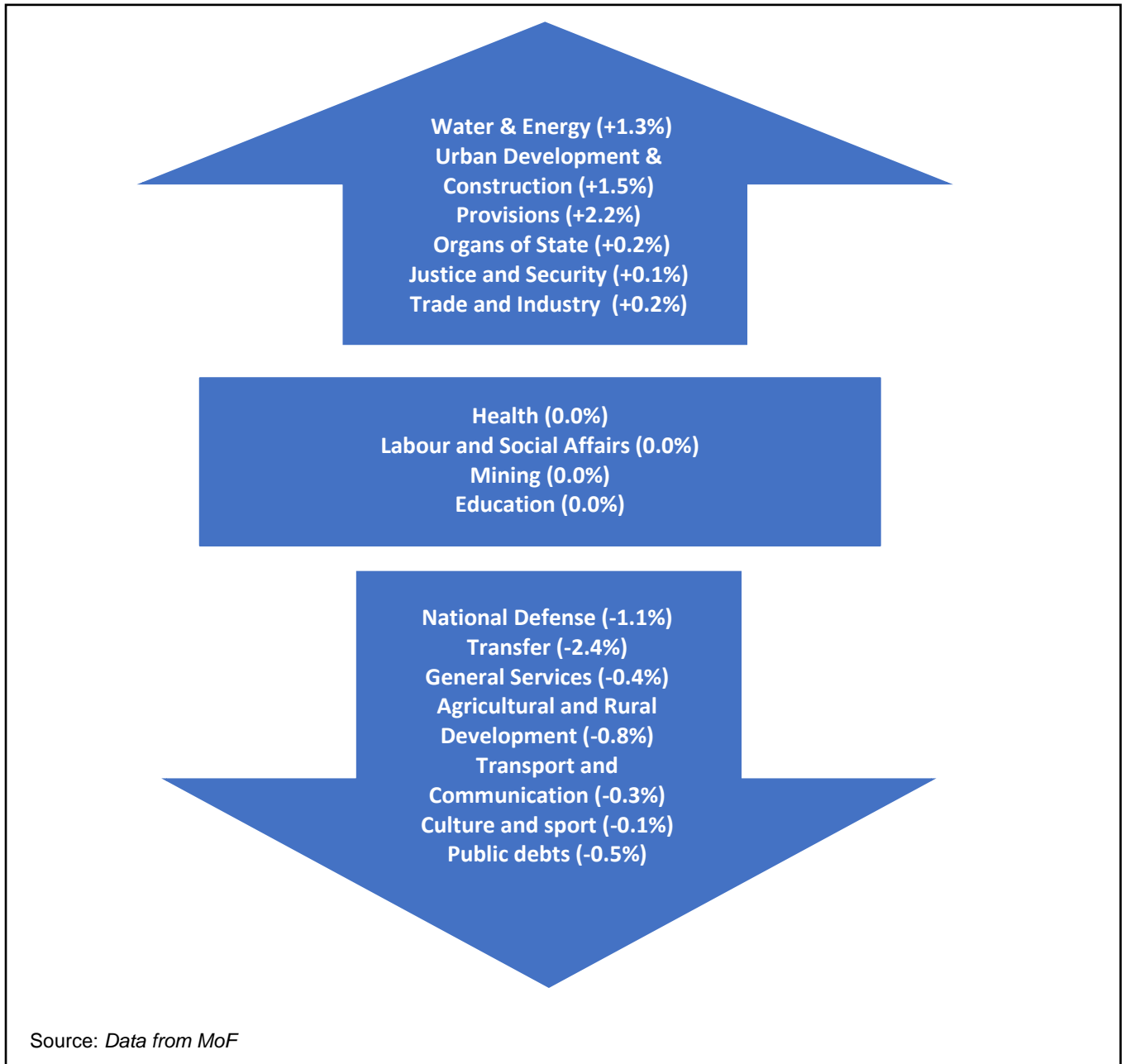
⁶ UNICEF Ethiopia Budget Brief: Health sector updated with national data for 2016/17; and UNICEF Ethiopia Budget Brief: Education sector updated with national data for 2016/17.

Figure 5. Federal government budget in nominal and real terms (2019/20 versus 2018/19)



Notes: 'Others' is composed of budget for Organs of State (ETB 4.4 billion); Culture and Sport (ETB 3.8 billion); Transport and Communication (ETB 2.3 billion); Prevention and Rehabilitation (ETB 0.7 billion); Mining (ETB 0.2 billion); and Labour and Social Affairs (ETB 0.2 billion). Real values are calculated using 2014/15 as a base year and considering an average inflation rate of 9.6 per cent for 2019/20 as per the assumption used by the Ministry of Finance in preparing the budget.

Box 1: Change in the share of budget allocated to sectors from the total federal government budget (2018/19-2019/20)

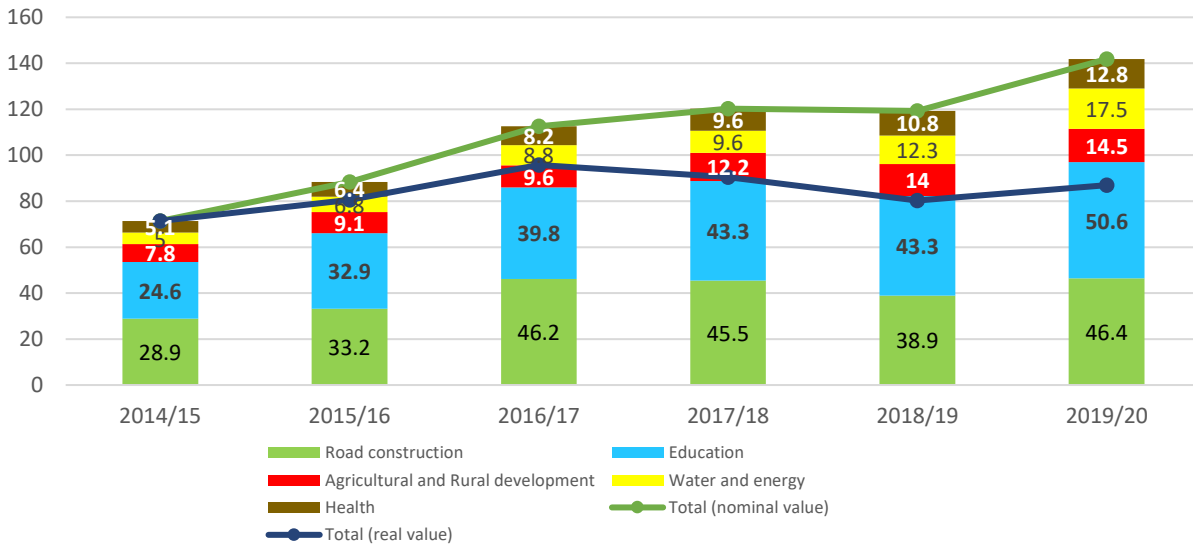


Federal Government Allocations to Sectors of Focus

Education, health, water and energy, agricultural and rural development, and road construction are sectors that have been the focus of government investment and have for the most part shown an increasing trend over the years in nominal terms (Figure 6). Compared to 2018/19, the budget allocated to these sectors in 2019/20 showed a 19 per cent nominal increase. Even though the budget allocation to these sectors showed an increasing trend in real terms between 2014/15 and 2016/17, it declined between 2016/17 and

2018/19 with only a relatively modest annual recovery of 8.5 per cent in 2019/20. The education sector had the highest budget allocation for 2018/19 and 2019/20, taking over the position held by the road construction sector in previous years.

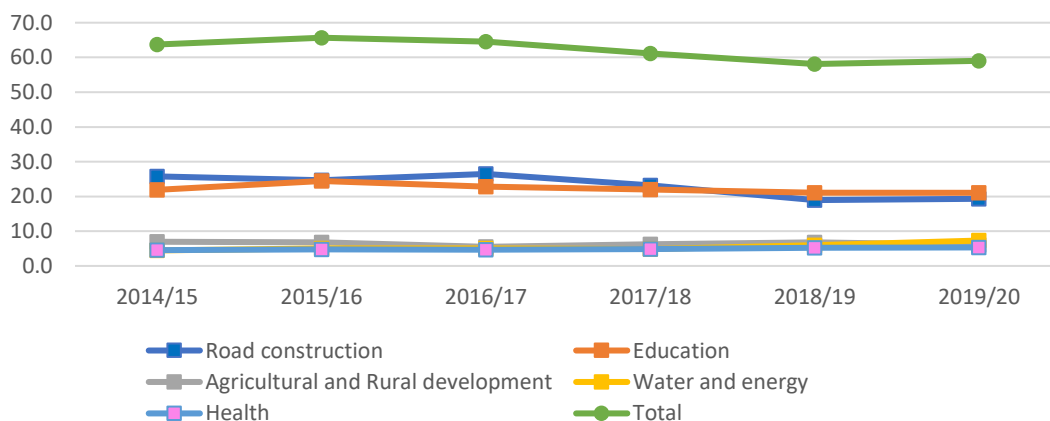
Figure 6: Sector allocations of the federal budget, 2014/15–2019/20 (in billion ETB)



Source: Data from MoF. Real values are calculated by the authors, with 2014/15 as the base year.

More than half of the 2019/20 federal budget (59 per cent) is allocated to these sectors of focus (Figure 7). The share of the federal budget allocated to these sectors has shown a slight decline over the years. This is mainly due to a shrink in the budget allocated to road construction in the past three years. The share of the 2019/20 federal budget allocated for implementation by the federal government was 21 per cent for education, 7.3 per cent for water resources and energy (including the budget allocated for electricity) and 5.3 per cent for health (Figure 7). Compared to 2018/19, the shares of education and health in the 2019/20 federal budget remain the same, while there was a marginal increment of 1 per cent for water resources and energy.

Figure 7: Sectors' share in the federal budget allocation, 2014/15-2019/20 (per cent)



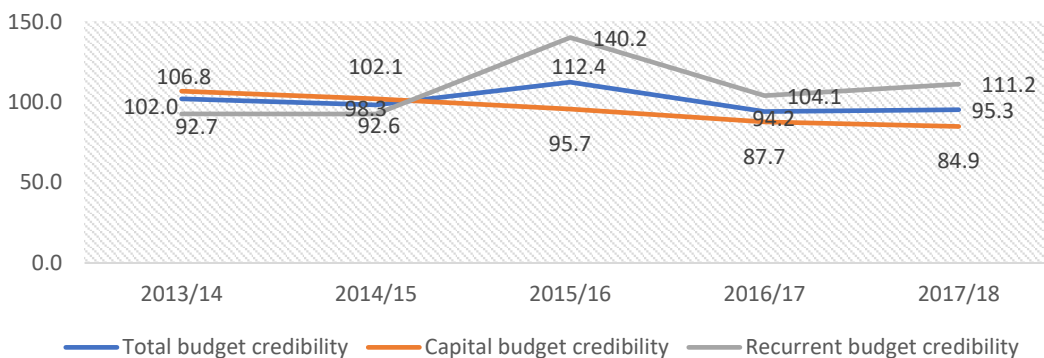
Source: Data from MoF.

With regards to social protection, the total budget allocated to food security and job creation has been increasing over the years. However, the 2019/20 budget allocation shows a decline from the previous fiscal year. The total nominal budget declined from ETB 10.6 billion in 2018/19 to ETB 10.5 billion in 2019/20, which is an 11 per cent decline in real terms from ETB 7.2 billion to ETB 6.4 billion using 2014/15 prices. This is mainly driven by the decline in the allocation of the budget for rural food security and job creation which declined nominally from ETB 8.1 billion to ETB 7.2 billion (and in real terms declined from ETB 5.4 billion to ETB 4.4 billion) over the same period. The fact that 2019/20 is the last year of the current phase of the Rural Productive Safety Net Programme (RPSNP4) may explain the decline in the rural productive safety net budget allocations. On the other hand, the allocation for urban food security and job creation has increased nominally from ETB 2.6 billion in 2018/19 to ETB 3.4 billion in 2019/20 (with an increment in real terms from ETB 1.7 billion to ETB 2.1 billion). The rise in the urban productive safety net budget allocation is due to the planned expansion of the Urban Productive Safety Net Project (UPSNP) which is presently in its rollout phase. The share of urban food security and job creation from the total food security and job creation component increased from 24 per cent in 2018/19 to 32 per cent in 2019/20.

6. Budget Credibility for Budgets and Expenditures Executed by the Federal Government

For the budget to be an effective instrument for policy implementation, it is important that it is credible. Budget credibility is measured as a proportion of the actual expenditure at the end of the fiscal year to the budget that was approved at the start of the fiscal year. In this regard, budget credibility analysis for the period 2013/14 to 2017/18 reveals that the variation between the total amount of federal expenditure and the total federal budget that was originally approved was around 5 per cent or less, with the exception of 2015/16 when the actual expenditure was higher than the original budget by 12 per cent (Figure 8). Even though the 5 per cent variation in 2017/18 between the total original budget and the total amount spent is not that high, the disaggregated budget shows that the capital budget was unutilized by 15.1 per cent whereas there was an overspending of recurrent expenditure by 11.2 per cent.

Figure 8: Federal government budget credibility: actual expenditure as a percentage of the original budget

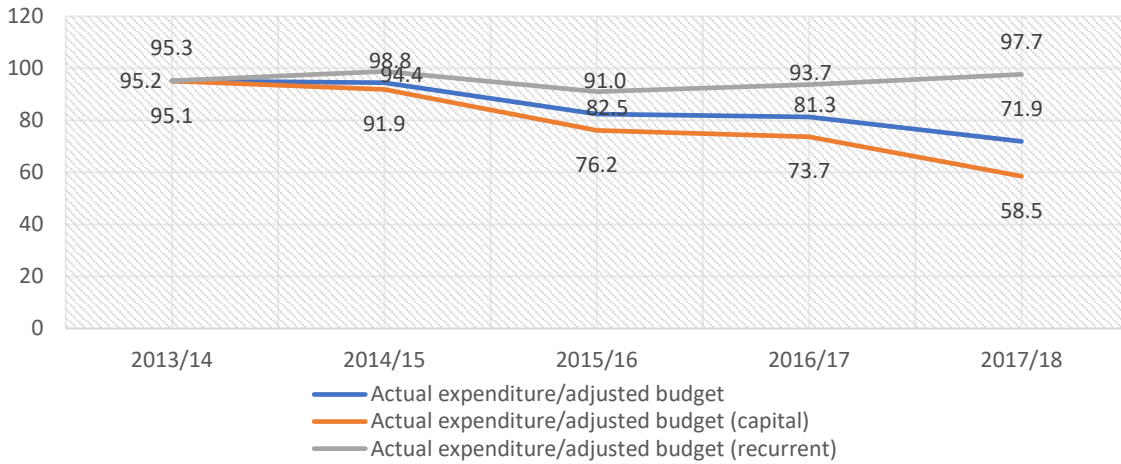


Source: Data from MoF.

The federal government approves budget adjustments during the fiscal year through supplementary budgets. Supplementary budgets could explain overspending when compared to the original budget or can explain underspending when a large budget increase is approved part way through the year without much time to fully utilize the funds. Figure 9 presents the proportion of actual expenditure to the adjusted budget for the years 2013/14 to 2017/18. For all the years under consideration, there had been a mid-year upward adjustment to both the capital and recurrent components of the budget. With the exception of 2016/17,

actual recurrent expenditure was closer to the adjusted amount of the recurrent budget (Figure 9) than the originally planned recurrent budget (Figure 8). On the contrary, there was a wider variation between the adjusted capital budget and actual capital expenditure which increased the unutilized component of the adjusted capital budget and therefore contributed to a lower utilization of the total adjusted budget.

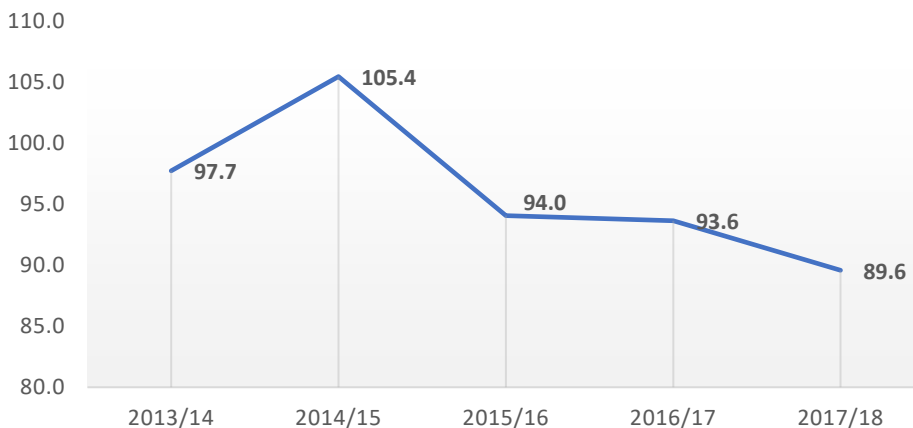
Figure 9: Federal government budget credibility: actual expenditure as a percentage of the adjusted budget



Source: Data from MoF.

As part of the budget credibility assessment, the planned federal domestic revenue is compared to the actual domestic revenue collected by the federal government. During the period 2013/14 to 2017/18, on average 96 per cent of the planned federal domestic revenue was collected by the end of the fiscal year (Figure 10). The proportion of the collected revenue to the planned revenue was highest in 2014/15 but had a declining trend in the years that followed. Since tax comprises around 80 per cent of the overall federal domestic revenue, effective tax policy and its implementation, tax compliance and tax administration should be given due attention to improve domestic revenue mobilization.

Figure 10: Performance of the federal government domestic revenue: the proportion of actual federal domestic revenue collected to the planned federal domestic revenue



Source: Data from MoF.

Annex 1: Timeline for the State Budget Process in EFY 2012 (2019/20)

Planning/Budgeting cycle	Ethiopian Year	Fiscal	Gregorian Calendar
Planning cycle			
1. Macro-Economic and Fiscal Framework (MEFF)	By Tahisas 30		By 08 January 2020
1.1 MEFF preparation	Until Hidar 30		Until 09 December 2019
1.2 MEFF approval	By Tahisas 30		By 08 January 2020
3. Notification of the three-year subsidy estimates	By Tir 01		By 09 January 2020
4. Preparation of the annual fiscal plan	By Tir 15		By 23 January 2020
Budgeting cycle			
A. Pre-preparation of budget by public bodies			
1. Pre-preparation of budget	Before Yekatit 01		Before 08 February
2. Notification of annual subsidy	By Yekatit 01		By 08 February
3. Issuing the budget call	By Yekatit 01		By 08 February
4. Budget requests	By Megabit 15		By 24 March
5. Preparation of the draft recommended budget	Megabit 15–Ginbot 15		24 March–23 May
6. Review of the recommended budget by the Council of Ministers	Ginbot 16–Ginbot 25		24 May–02 June
B. Budget approval			
7. Legislative approval and appropriation of the budget	Sene 01–Sene 30		08 June–07 July
C. Implementation			
8. Notification of approved budget	Hamle 01–Hamle 07		08 July–14 July
9. Accepting the approved budget and action plan preparation	Hamle 08–Hamle 30		15 July–06 August
10. Implementing the approved budget	Hamle 01–Sene 30		08 July 2020 – 07 July 2021

Annex 2: The Federal General Purpose Grant Distribution Formula (2017/18–2021/22)

The responsibility of deciding the proportion of the general purpose grant allocation to the regional states has been constitutionally vested in the House of Federation (HoF) since 1994/95. Federal transfers are distributed based on the relative fiscal gaps of regional states, and the HoF has adopted a grant allocation formula in order to capture the gaps as accurately as possible. The HoF revises the grant allocation formula periodically, so as to adjust the federal grant allocation to the changes in the socio-economic conditions of each regional state, and a number of formulae have been developed and used since the country adopted fiscal federalism.

In 2017, the HoF adopted a revised grant allocation formula (for use in the coming three years) to accommodate the allocation of federal grants to the changes in population size, levels of development, revenue collection capacities, employment and poverty, among other factors, across the regional states. The new approach of federal transfer is calculated on the basis of the representative revenue and representative expenditure estimates. In this approach, the revenue-raising capacity is estimated using the representative revenue system; the expenditure needs are estimated using the representative expenditure system; and the fiscal gaps are calculated accordingly for each regional state. The grant is therefore distributed based on the relative fiscal gaps of the regional states.

Though there are different approaches that can be used to estimate the revenue-generating capacities of sub-national governments, the federal transfer formula of Ethiopia uses the Representative Tax System (RTS) to estimate the revenue-generating capacities of each region. This system employs the main tax revenue sources of regional states, including agricultural income tax, land use fee, payroll tax, business income tax, turnover tax, and value added tax. The current grant allocation formula considers new developments in tax rates, particularly for payroll tax. Improvements have also been made to the previous computation method by using weighted averages rather than simple average tax rates. Moreover, a new method is followed in the calculation of business income tax and value added tax, which represents a major departure from the method used in the previous formula.

According to the new grant allocation formula, the expenditure need of each regional state is calculated by taking into consideration the unit of measurement (which is different across each expenditure category), representative expenditure (per unit average expenditure for each expenditure category), and adjustment index (constructed from factors explaining unit cost differentials across sub-national governments). The current grant allocation formula employs a regression approach to estimate the adjustment index for each expenditure category, which was not the case in the previous formula (previously, the adjustment index was subjectively determined by an expert and then finally settled through consultation with the regional governments). The expenditure categories incorporated in the calculation include general services and administration, primary and secondary education, including Technical and Vocational Education and Training (TVET), public health, agriculture and rural development, drinking water development, rural road construction and maintenance, urban development, and micro and small-scale enterprises.

However, in the current revised grant allocation formula, the lack of adequate and good-quality data on some essential variables of interest have been the most important challenges faced in estimating the revenue-generating capacities and expenditure needs of regional states. Moreover, it is impossible in this revision to capture some of the concerns raised by regional governments, such as the variation in the quality of public services provided and the efficiency differential across regional states.

As a result of this computation, from 2017/18 to 2019/20, the total amount of the federal general purpose grant is divided and transferred as follows: Tigray, 6.03 per cent; Afar, 3.02

per cent; Amhara, 21.6 per cent; Oromia, 35.38 per cent; Somali, 10.32 per cent; Benishangul-Gumuz, 1.54 per cent; Southern Nations, Nationalities and Peoples, 20.41 per cent; Gambella, 1.1 per cent; Harari, 0.21 per cent; and Dire Dawa, 0.38 per cent.

Adapted from Federal Democratic Republic of Ethiopia House of Federation. *The Federal General-Purpose Grant Distribution Formula 2017/18–2019/20*. June 2017.

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