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Addis Ababa University
College of Business and Economics

Department of Public Administration and Development Management

MPMP

**ASSESSMENT OF PUBLIC BUDGET ALLOCATION AND UTILIZATION IN
ADDIS ABABA CITY ADMINISTRATION**

A RESEARCH THESIS

**SUBMITTED TO ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND
ECONOMICS IN PARTIAL FULFILMENT OF THE REQUIREMENTS OF MASTERS OF
ARTS (MA) IN PUBLIC ADMINISTRATION AND DEVELOPMENT MANAGEMENT
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THE ASSESSMENT OF PUBLIC BUDGET ALLOCATION AND UTILIZATION IN
ADDIS ABABA CITY ADMINISTRATION

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Abstract

This research paper was conducted on assessment of public budget allocation and utilization in (selected public sectors) in the case of Addis Ababa City Administration. It addresses the five research questions designed to assess budget allocation and utilization of Addis Ababa city administration public sectors. For this paper the researcher used both primary and secondary data sources, but mainly emphasizes on primary sources of data in which relevant information could be obtained by conducting structured questionnaires and unstructured interviews. The overall objectives of the study were to assess budget allocation and utilization process in the case of Addis Ababa city administration. Particularly the study tried to scrutinise first, how Addis Ababa city administration allocate budget, second, budget approval stage, third, to identify the linkage between public sectors annual plan and budget allocation, fourth, to identify the level of transparency in budget allocation process and availability of clear and timely budgeting information in Addis Ababa city administration. Thus, questionnaires are prepared for a total of 150 respondents including 3 budget heads, of selected public sectors and for budget processors, budget planning and experts, budget auditors, budget committee. Secondary data was collected from annual reports of Addis Ababa city administration finance office, budgeting manuals and procedures of ministry of finance and urban finance and development office of city administration and audit report of public sectors. Finally the researcher recommended that, budget allocation and utilization process in Addis Ababa city administration should be resolved and potential solutions that overcome the problems during public budget preparation allocation and utilization in city administration public sectors.

Key Terms: Budget Allocation, Utilization, Budget approval

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DECLARATION

I Amare AnleyMengistu, Registration Number/I.D. Number GSE/4939/11, I declare that this Thesis is my original work and that it has not been submitted partially; or in full, by any other person for an award of a degree in any other university/institution. And for the purpose of this thesis all sources of materials used have been duly acknowledged.

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ABBREVIATIONS

BOFED	Finance and Economic Development Office
CM	Council of Ministries
CSA	Central Statistics Agency
DISHA	Development Initiatives for Social and Human Interaction
ECA	Economic Commission for Africa
FEDO	Finance and economic Development Office
FTA	Financial Transparency and Accountability
GFOA	Government Financiers Association
GGLGBP	General Guideline of Local Government Budgeting Process
MDG	Millennium Development Goal
MEDC	Ministry of Economic Development and Cooperation
MOF	Ministry of Finance
MOFEC	Ministry of Finance and Economic Corporation
MOPED	Ministry of Planning and Development
MOR	Ministry of Revenue
MESO	Micro and Small Enterprise office
MTEF	Medium Term Expenditure Framework
OECD	Organization for Economic Cooperation and Development
PRSP	Poverty Reduction Strategic Paper
SEAPFN	Southern and Eastern Africa Policy Research Network
UFEDO	Urban Finance and Economic development Office UN United Nation

CHAPTER ONE

1. INTRODUCTION

1. Background of the study

A government budget is a public document that determines the way authorized government officials in a country plan to collect revenues and expend money. The proposal including government budget replicates government policy importance and fiscal goals. In this method, the budget explains the objective and ambitions of the consideration of the mainstream of constituency. In outlining its plans for spending money, the government is explaining how it intends spending money that belongs to the public (Shultz, 2002).

Before the 19th Century, budgeting in most countries was characterized by weak decision-making power, little central control and processes that were ad-hoc and characteristic. In the recent time debates about public expenditure management have tended to focus on means of making the budget process more responsive to policy direction, focused on the achievement of results rather than control of resources, and increasing openness, transparency and accountability (Norton & Elson, 2004).

According to (WB, 1998) the wide-ranging functions of budgeting that are competing for attention are: control of public resources, planning for the future allocation of resources and management of resources. In Ethiopia, the implementation of development planning to guide resource allocation was started in the 1950s, and it has undergone significant changes in the area of government policies and development priorities (Ghirmai, 1990). But after the military government took power, major industrial and financial activities came under the state Control, which were the causes for the creation of a huge public sector and expenditure (Teshome, 1994). In general, according to WB's (1994) report excessive capital consumption of public enterprises, over centralization of the economic activities and the existence of continuous war, conflicts, drought and change of international situation made the country one of the poorest countries in the world. These problems forced the Ethiopian government to announce the mixed economic policy in 1990.

Budget allocation and utilization has become very difficult to manage in most developing countries like Ethiopia, this is because the role of the government is complex and growing , there are limited supply of financial resources to meet the needs and wants of an

alarmingly growing population. Because of scarce financial resources as compared to growing demand for public services, it is necessary to advance resource allocation and utilization via appropriate economic policy and disbursement planning.

After the downfall of the Derg regime in 1991, the Government of Ethiopia introduced a wide-ranging of economic amendment programs. The reform agendas among others include reorienting the economy from command to market economy, creating policy environment to encourage private sector investment, reorganisation of expenditure towards to poverty oriented sectors, process of structural adjustment, introduction of Civil service reform, and policy of fiscal decentralization (MOFEC, 2002). The Ethiopian constitution adopted in 1994, established decentralized regional states; which recognizes the right of the regions to formulate and execute their economic and social development policies and strategies, and administer their expenditure planning and certain types of taxes (Getachew, 2006).

Different declarations were issued in 1992 in order to administer and manage economic and social development .Proclamation no. 7/1992 provides the basis for the establishment of regional governments and the right to prepare, approve and implement their own budget (MEDC, 1999). However the country have been launched various improvements to address the obstacle of budget allocation and utilization to public sector, but advanced and inter connected technological budgeting system remains universal problem of the country and in particular Addis Ababa city administration .Therefore, this study focuses on assessing how budget was allocated, utilized and implemented in public sectors in the case of Addis Ababa city administration. This will play a pivotal role to contribute towards better and sustained forthcoming public budget allocation and utilization process in city administration and I believe that I will contribute some ideas and ways of proper budget allocation and utilization methods and reflecting keen observation; suggestion regarding the bottlenecks of the budget utilization in Addis Ababa city administration-

Generally, this paper explores how the public budget is being prepared and utilized effectively and how this can be improved. Having assessed these issues, the paper puts forward practical Recommendations for decision makers; policy planners regarding strategies to take advantage of existing and emerging opportunities for improved sector financing and budget execution. It suggests steps to be taken in the preparation and utilization of budget in Addis Ababa City Administration by taking existing problems into account. This

will help contribute towards improvement and sustainable development of public sectors in Addis Ababa city administration.

1.2 Statement of the Problem

According to Asefa (2007) the crucial problems and controversial issues related to government budgeting are reflected in the preparation, enactment, execution and review phase of the budget cycle. The politics of public budgeting is more serious and challenging particularly in federal countries where there is constitutional power and resource sharing among different levels of government. In relation to this Getachew (2006) further explained that in Ethiopia the basic problems of government budget allocation in the public sectors are evolving to more complex forms related to the issues of policy and planning, low capacity of implementing and managing available resources, poor integration planning and budget allocation, implementation budgeting, standardization and unit cost. There are no criteria for determining inter-sartorial resource allocation and it lacks standardized preparation to estimate recurrent and capital budget expenditures.

These conditions indicate that budget is decided on the basis of inadequate information, often without sufficient knowledge of programs and performances. In line with this, according to the BOFED (2010) report the city administration there is a gap in linking sectors plans with available resources during budget allocation processes. In addition to this, each public sector complains about the process of Government budget allocation to public sectors specifically during budget preparation, allocation and Approval stage. Unless all these issues are addressed on time, they lead to a large growing budget deficit and increasing the problems of financial resources for efficient service provision for the poor and to reduce poverty so as to achieve the second Growth Transformation Plan (GTP2).

Now a days, it seems apparent that a few research has been conducted which would help pinpoint the problems of budget allocation in only focus on only one public sectors and private sectors but my study focuses address the problem of budget allocation and approval budget and budget utilization particularly in Addis Ababa city administration public sectors (sectors i.e. housing development, Addis Ababa road and transport authority, and Addis Ababa water and sewerage authority. Hence, the main objectives of this study is to assess how budget allocation in selected public sectors of the budget users budget planning experts ,

budget committee budgeted head budget user ,and gaps are observed in organizing their plans as per the strategy of the city administration ; and in preparing budget without submission of annual work plan. Even the proposed budget is inconsistent with the fiscal calendar and not in line with the real existing situation. And in public sectors in Addis Ababa. Consequently, the result will have policy input and pinpoint areas that need ratification and improvement.

The research focused on the assessment of public budget allocation and utilization in Addis Ababa City Administration selected public sectors specifically. Efforts have been made to determine the causes and effects that possibly affect the preparation, allocation and utilization of public budget in selected public sectors of Addis Ababa City Administration. This research thus bridges an evident research gap as there is no document to the best of researcher knowledge that reports any sufficient study on the probable causes that may hinder the preparation, allocation and utilization of public budget at city administration level in Addis Ababa.

1.3 Research Questions

1. How does the city Administration allocate, approve and utilize its budgets?
2. To what extent are city plans linked with budget?
- 3 What weaknesses are observed in budget preparation approval and utilization?
4. How does transparency in the process of budget preparation allocation and utilization is clear?
5. What affects variance between budget plan and actual utilization in public Sectors?

The study will try to answer the above research questions and address the critical problems.

1.4 Objectives of the Study

1.4.1 General Objectives of the Study

The general objective of the study is to assess issues related to the budget allocation and utilization in selected public sectors in Addis Ababa city Administration.

1.4.2. Specific objectives

1. To identify how city administration allocates, approves and utilizes the budget.
2. To clarify the link between public sector plans and budget allocation.
3. To identify bottlenecks encountered in the process budget preparation allocation and utilization.
4. To identify the level of transparency available in budget preparation approval allocation and utilization process.
5. To examine budget variances occurs with budgeted actual plans in public sectors.

1.5 Significance of the Study

This study is helpful for the following reasons;-

- The research has contributed for effective distribution and allocation of public budget by analysing approved policies and procedures in city administration.
- The study will also contribute to researchers and policy makers as a reference to prepare budget allocation and utilization policies and procedures for public sectors.
- The study also serves as a secondary data for further study for scholars that want to conduct other similar investigations.

1.6 Scope of the Study

This study was limited to the assessment of Budget Allocation and utilization for the last three years i.e. from 2009-2011 E.C in selected Public Sectors (road and transportation, water and sewerage, house and development office) of Addis Ababa city Administration. According to Bland and Rubin (1997), the budget allocation process includes four stages: preparation, approval, implementation and summary of transaction.

1.7 limitation of the study

When the research was conducted the researcher faced some challenges. That is, there was a lack of research studies and availability of sufficient up-to-date literature on the topic. However, the researcher tried to navigate from different secondary sources and other research papers conducted related to planning and budgeting in different public sectors.

1.8 Organization of the study

This research paper is categorized into four chapters. The first is introductory chapter, which contained the background of the study, statement of the problems, objectives of the study, significance of the research, scope of the study; limitation of the study , the second chapter describes literatures review in budget, which is significant to the topic under study , the third chapter research design and methodology . The data presentation, analysis, and interpretation are presented in the fourth chapter. The fifth chapter provides a summary of findings, conclusion and recommendations for Addis Ababa City Administration.

CHAPTER TWO

2. RELATED LITERATURES REVIEW

In this chapter the concept of budgets, budget allocation, budget preparation and the budget utilization and some empirical literature are discussed. This is attained by gathering the accessible literature by scholars and academicians on the subject area.

2.1. Literature Review

The theoretical literature reviews to establish what theories exist, the relationship between them, to what extent the current theories have been studied and to develop new hypotheses to be tested. In this part, a review of important theoretical literature from different books written on the main concept of government budget allocation process, budget approvals, utilization and implementation is discussed to clarify and investigation documents that shows relevant information in relation to the research problem being examined.

2.1.1 Concept and Definition of Government Budgeting

The Term “budget” stands from the French word “bougette” and the Latin word “bulga” which was a leather bag or a large-sized purse which travellers in medieval times hung on the saddle of their horse. The treasurer’s “bougette” was the forerunner to the small leather case from which the finance minister presented their yearly financial plan for the state. So after being used to describe the word wallet and then state finances, the meaning of the word “budget” in 19th century slowly shifted to the financial plan itself, initially only for governments and then later for private and legal entities (Hofstede, 1968, cited in Banovic 2005, p. 6). It was only then that budgets started to be considered as financial plans.).

As per (Shah & Von 2007), in most African countries nowadays the approval of budget (the “power of the purse”) is the main form of legislative control over the executive ,with public money spent only under the law. Beside the gradual political change of absolute monarchies to constitutional government the country's resources were believed to be the personal property of the king.

Different researchers define budget from the government side in different ways in a broader sense, for example, according to Vennekens and Govender (2005, p. 4). a 'government budget is a public document that outlines how a government proposes to collect and spend money.' Van der Waldt (2007, p.187) similarly stated that, 'Budget is a document which deals with allocating. He stated that, in the federal government framework, this financial document is considered as a very important component of the cohesive growth planning process.

David (2006, p. 25) indicates that a 'municipal budget is part of the planning process that is undertaken on an annual basis and includes planning based on the integrated development planning, implementation of the budget and performance management.' This is a government document specifying in what way objectives will be achieved that are established in the plan.

2.1.2 THE ROLE OF GOVERNMENT BUDGET

Budgeting as a simple term it is not only about financing to public sectors rather it is a vital component of government economic policy. It is a strong tool in implementing the long term, medium term, and annual administrative and development programs (MOFEC, 1993). Budgeting encompasses various responsibilities on the expenditures and revenue sides of government finance. On expenditure side , it deals with the determination of the total size of the budget (i.e. total amount of money for the year), the size of outlays on different functions, and the magnitude of outlays on various activities On the revenue side, it involves the determination of the size of the overall revenue (Premachand, 1983).

As explained by Premachand, budget has three important aspects in terms of;-as a tool for accountability and management, as a mechanism of economic policy and as a type of legislation and political exercise. Mainly, budgeting as a mechanism of economic policy has very significant purposes. It paves the way for economic growth and national development, allocation and utilization resources. And it regulates the country's macroeconomic balance via fiscal policy promotion.

So that, the government exercises and underlies taxation, government expenditure and borrowing to bring economic prosperity, to minimize unemployment, rational distribution of income and price stabilization. According to him, there are three functions of the modern

budgeting system- allocation, stabilization and distribution. In contrast, Fozzard (2001) defined the role of budgets as the most important economic and political tool available to governments to promote development and poverty alleviation.

2.2 Type of budget

Government budgets are basically classified according to the characteristics of the organization in such situations there are two types of budget recurrent and capital budget.

2.2.1 Recurrent budget

A recurrent budget tracks ongoing revenues and expenses that occur on a regular basis, be they monthly, quarterly, semi-annually, or annually. Also known as an operational budget, a recurrent budget includes line items such as wages, utilities, rent or lease payments, and taxes. It also includes purchases that are expected to last for less than a year, such as office supplies. Recurrent budget can help a company manage its money and come up with strategies for cutting day-to-day costs.

2.2.2 Capital budget

A capital budget is used to evaluate potential investments or expenditures for specific projects or purposes. When a company draws up a capital budget, it is typically doing so to determine whether it makes financial sense to acquire a specific asset -- e.g., a warehouse or a piece of equipment -- or to pursue a new project. Capital budgets cover purchases that are expected to last more than a year. The amount a company spends on such purchases is known as a capital expenditure. When a company creates a capital budget, it is usually with the goal of growing the business and increasing its value in the long run. However, the benefits of acquiring new purchases or pursuing special projects must be weighed against the costs involved.

2.3 Budget Preparation

Maitland (2001) mentions that the process of preparing and agreeing on a budget is a means of translating the overall objectives of the organization into detailed, feasible plans of action.

Public budget preparation is one of the tedious tasks that any country should look upon. The preparation process for the annual budget involves a great deal of energy, time, and expense. Therefore, it is important that a country must be able to follow accurately all the methods of preparing an annual budget. In budgeting, it is not focused only to prepare the budget, but more importantly to have a follow-up operation for budgeting and to act affording known data. Falk (1994) states that budgets are financial expressions of a country's plan for a period of time. It tells where and how the organization will spend money and where the money will come from to pay these expenses. He adds that budgets set limits. Moreover, setting limits, Andrews and Hill (2003) say that budgets also provide the assurance that the most important needs of a country are met first and less important needs are deferred until there are sufficient funds in which to pay for them. Even though budget preparation is not the sole thing that needs consideration in budgeting, the basis of it is still needed in order to have at least close estimation.

As per Shah (2007) preparation of the budget usually takes many months and involves all public institutions: the Ministry of Finance manages the process; the Cabinet/President sets or approves the policy priorities, line ministries plan and advocate for their resource needs and the legislature reviews and approves the final plan. Preparation is at the heart of the political process: it is the decision on how to allocate the state's limited resources to competing demands. Preparing a budget proposal that suggests a set of recommended policies and stays within whatever financial limits are considered politically realistic has been a prominent issue in public budgeting Bunch and Strauss man (1993). One approach is to set specific dollar ceilings on budget requests. This approach has the distinct advantage of making agencies prepare requests that include only financially feasible options Lee (1992). This method is often called fixed ceiling budgeting. Budget ceilings instruct agencies to request next year's budgets based on certain assumptions, such as their set of priorities regarding rankings.

Another approach is for the governor to provide policy guidance in terms of overall priorities and/or guidance by a major program. According to Schiavo-Campo and Tommasi (1999) and Allen and Tommasi (2001), the main starting points for the preparation of the annual budget should be a clear definition of fiscal targets and a strategic framework consisting of a comprehensive set of objectives and priorities. As Schiavo-Campo (2007) stated a successful budget preparation process combines top-down Direction and bottom-up planning. The overall budget envelope and sector/ministry spending Ceilings are usually set by the Ministry

of Finance and the Cabinet/executive in accordance with policy objectives. These are then communicated to the line ministries, which are responsible for preparing their respective sector budgets. Through an iterative process of review, debate and bargaining, a consolidated budget is hammered out. A budget proposal is then presented to the legislature, where it is debated and negotiated with the executive and eventually passed into law.

2.4 Budget Utilization

Once a budget has been approved by the legislature, the government embarks on the challenging task of spending funds. Utilizing public funds effectively to meet stated policy objectives while ensuring value for money is often just as challenging than planning how to spend it. Several reviews of Public Financial Management performance in developing countries show that countries score significantly better on budget preparation than on budget utilizing. According to Schiavo-Campo and Tommasi (1999) budget utilization is the phase where resources are used to implement policies incorporated in the budget. As they argued, it is possible to utilize badly a well-prepared budget; it is not possible to utilize a badly prepared budget.

As per Allen and Tommasi (2001), successful budget utilization depends on numerous factors, such as the ability to deal with changes in the macroeconomic environment, and the implementation capacities of the agencies concerned. Besides this, the budget system should assure effective expenditure control. In addition to a realistic budget to begin with, a good budget utilization system should have a complete budgetary/appropriation accounting system. It is necessary to track transactions at each stage of the expenditure cycle (commitment, verification, payment) and movements between appropriations or budget items Schiavo-Campo and Tommasi (1999).

2.5 Managing and Monitoring Budget Utilization

As indicated by Tommasi (2007) there should be distribution of responsibilities for budget utilization, budget appropriation management rules and budget revisions, various special issues related to budget utilization, and the monitoring of budget execution. At the same time budget execution covers both activities related to the implementation of policies and tasks related to the administration of the budget. The central agencies, the ministry office, the

ministry of planning in a dual budgeting system, and the prime minister's office and the spending agencies are involved in these tasks according to government expense program book volume 4 parts 2. The distribution of responsibilities in budget management should be organized according to the agencies respective areas of responsibility and accountability.

2.6 Reason for variation between budgeted and actual Expenditures

Ball & le Roux, (2006), there are a number of factors that can explain why actual expenditure deviates from the levels approved at the beginning of the financial year in any sector. The reasons for deviations may vary over time. Some of the more common causes are deviation in aggregate expenditure; reallocation of fund during budget implementation; policy changes during the year; an inability to implement policies, program projects; and a lack of financial discipline contribute for variation in budgeted and actual expenditure, lack of day to day monitoring and controlling commitment and weak transparency, accountability and participatory on planning and implementation of government budget.

2.6.1 BUDGETARY CONTROL

The comparison of budget and actual data could occur only after actual accounting data have been accumulated. (Obara, 2013) noted a budget control system which uses budget as a planning in controlling all aspects of services. Preplanning is a cardinal facture of budgeting control and that each budget has the action of the people their performance and the cost they incur budgeting control from the perspective of management or exception stated that budgeting control is a tool which enables management to consider only items that do not go according to plan and concentrate on exceptions. However, Chigbu, Okpara, & Ike Ugochukwu, (2014)"described budget control as a system which uses budgets as a means of planning and controlling all aspects of services.

Preplanning is a pleasant facture of budgeting control. The plan is represented in the master budget. Each segment of the master budget is covered by a functional budget. However, he presented what is considered as landmark in budgeting analysis as it relates to Nigeria. To stress on the relationship between accounting and budget system and budget are built around the organization structure and both are information systems concerned with the

same operation and financial situation. The budgeting process helps to organize and formulate the planning required for these operations to express objectives and then, becomes a means to measure the extent to which the plans have been achieved (Godwin ,2011).

To develop the basics of measurement and standards, with which to activate the efficiency of operations. There is an interpretation that management use of budget for control includes comparison of actual and budget figures for each division by the budget committee followed by regular conference with supervisors and departmental heads in order to analyse variance and to inaugurate steps to correct unsatisfactory operation or to revise the budget. Iloh&Nwokedi, (2016)``emphasized on the importance of budgets, and noted that the assessment of budget is only one of the phrases of a comprehensive system of budgetary control. The view that no matter how carefully budgets are composed; they will be largely ineffective run less an efficient routine is in operation for comparing results with the budget and explaining the cause variations. According to Emeka (2011).

Budgetary control is intended to support management in the following ways:

- In the allocation of responsibility and authority.
- To aid in making estimates and plans for the future.
- To assist in the analysis of variations between estimated and actual results.

Budgetary control can be functioned without standard costing all the budgeting control is facilitated where standard cost is in operation. However, it would be difficult to operate a system if standard costing of budgets are not in use. Budgetary cannot relate to expenditure to persons who incurs it so that actual expenses can be compared with budgeted expenses. The use of budgetary control provides a coordination factor in business. Its importance as a cool of management can be deduced from the foregoing discussion. It could be seen that it is as significant in planning as it is in control with budget oppression. Here actual performance is compared with budget outcome and favourable or unfavourable variance determined. The cause of this variance is sought out and checked thus enabling management to plan its future operations. Egbunike&Unamma, (2018) explains budget control for a cool for planning while budgetary control services as the yardstick for measuring actual performance with that budgeted through the analysis of variance. For the budgetary process to be effective the participation of top management is not only required but the true participation, cooperation and understanding of the middle and tower Management is also comparative.

2.8 Budget Allocation Process

Budget process is not a system which is automatically run by legal frameworks and rules one set up. They are significant organic processes consisting of many rules and regulations and in addition unwritten ideas, traditions, approaches and methods formed over time. They are also highly political, having a direct impact of the distribution of income and wealth, and so power, across the society (Isaker et.al, 2007, p. 2). In relation to this Robert (1997, p. 192) states that ‘budget process describes not only to have the power over budget decisions but also how decisions are usually made, how much information is provided, what kinds of decision rules are used, how much comparison there is between proposed expenditure.’ On the other hand, (Streak ,2002) stated that budgeting processes can be proximately divided into four stages which are referred to as budget cycle, each involving different actors with different roles; Yet for the purpose of this paper the three stages (budget Preparation and Budget Presentation/Approval stages , implementation stages) are presented in detail in section..

2.9.1 Internal control

As explained by Rebecca, Natasha & Imran (2011) internal control systems are the policies and procedures put in place by the management of a government agency in order to ensure the agency achieves its objectives and complies with external laws and regulations. Such policies and procedures tend to cover financial accounting and reporting, performance monitoring, asset management and procurement. Large agencies will have an internal audit unit comprising internal auditors that independently review and report on the implementation of management policies to the head of the agency.

2.9.2 Managing and Monitoring Budget Utilization

As indicated by Tommasi (2007) there should be distribution of responsibilities for budget utilization, budget appropriation management rules and budget revisions, various special issues related to budget utilization, and the monitoring of budget execution. At the same time budget execution covers both activities related to the implementation of policies and tasks related to the administration of the budget. Both the central agencies (the ministry of finance, the ministry of planning in a dual budgeting system, and the prime minister’s office) and the spending agencies are involved in these tasks. The distribution of responsibilities in budget management should be organized according to the agencies respective areas of responsibility and accountability.

2.9.3 Transparency in Budgeting Process

The important requirement of fiscal transparency is that complete, reliable and useful budget information is made available. Fiscal transparency is not only about the availability of information. Specific types of information must be provided regularly. The information must be provided in accessible formats in a timely manner. In Ethiopia as the provisions for accountability, transparency and people's right to seek information such as on public disclosure of budget information are clearly established in the country's constitution, in government policies and manuals (Mofed, 2009). The country has a well-established legal framework governing its budget system that derives from the 1995 Constitution. The Constitution clearly defines the structures and division of powers and responsibilities among the state organs and state members.

For instance: as stated in Elizabeth's research paper, Article 12 of the Constitution states that 'the conduct of affairs of government shall be transparent.' Sub Article 2 states that any public official or elected representative is accountable for any failure in official duties. Furthermore, Article 29 of the Constitution stipulates the 'right of freedom to seek, receive and impart information and ideas of all kinds, regardless of frontiers, either orally, in writing, or in print, in the form of art or through any media of his choice'. Therefore, this Article provides a legal basis for individuals, civil society organizations and other stakeholders to access information on budgets and budget processes. Therefore, based on these theoretical concepts the research was assessed the level of fiscal transparency in budgeting process related to understanding the ability of budget information, mechanism used to disseminate budget information and whether clear information is available at a time on government budgeting processes in the town (Lakeside, 2011).

2.9.3.2. Limitation of budgetary control system

Businesses need to plan for the future. In large businesses such planning is very formal while, for smaller businesses, it will be less formal. Planning for the future falls into three time scales:

- **Long-term:** from about three years up to, sometimes, as far as twenty years ahead
- **Medium-term:** one to three years ahead
- **Short-term:** for the next year (khan & Hinldreth, 2002)

Clearly, planning for these different time scales needs different approaches: the further on in time, the less detailed are the plans. In the medium and longer term, a business will establish broad business objectives. Such objectives do not have to be formally written down, although in a large business they are likely to be. In smaller businesses, objectives will certainly be considered and discussed by the owners or managers. Planning takes note of these broader business objectives and sets out how these are to be achieved in the form of detailed plans known as budgets. In this chapter we are concerned with planning for the more immediate future, i.e. the next financial year.

Estimates: Budgets may or may not be true, as they are based on estimates. The assumptions about future events may or may not actually happen.

Rigidity: Budgets are considered as rigid documents. Too much emphasis on budgets may affect day to day operations and ignores the dynamic state of organizational functioning.

False Sense of Security: Mere budgeting cannot lead to profitability. Budgets cannot be executed automatically. It may create a false sense of security that everything has been taken care of in the budgets.

Lack of coordination: Staff cooperation is usually not available during budgetary control exercise.

Time and Cost: The introduction and implementation of the system may be expensive.

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2.10 Empirical literature

2.10.1.2 Ethiopia budget process

The budget process is guided by a directive (known as the Financial Calendar) issued by the Ministry of Finance and Economy Development (MOFED) to all entities listed as public bodies. This directive has a schedule to ensure that planning and budgeting are prepared, approved, appropriated and executed accordingly. Budget preparation is guided by a document known as the Macro – Economic and Fiscal Framework (MEFF) prepared by MOFED., among others, forecasts of government revenue and expenditure, expenditure financing, the division of aggregate expenditures between federal and regional, and the division of federal expenditures between recurrent and capital expenditures for the next three years.

Based on consecutive years report, MOFED prepares the annual fiscal plan, which includes identification of the amount of resources (foreign and domestic)-known as the resource envelope-the amount of money need, known as the expenditure requirement, setting the block grant amount for regional governments and administrative councils from all sources (domestic and foreign), and splitting the federal share between the capital and recurrent budgets. Following this MOFED prepares the totals of the annual subsidy budgets and notifies the regional governments and administrative councils from all sources domestic and foreign .The Federal Democratize Republic of Ethiopia, Budget assessment (2003).

2.10.2 Budget cycles in public Sector

This cycle or system ensures greater accountability for decisions. It also allows decision makers to modify the budget for efficiency and effectiveness. The Budget cycle has three phases:-executive preparation, legislative approval and budget execution. The budget execution: at the beginning of the fiscal year, bureaus carry out or execute their approved budget. Spending is monitored by the bureau and the executive budget office in order to ensure that appropriations are not overspent.

This was regularly done through the use of accounting software that is designed to ensure that spending is within authorized amounts. Monthly, quarterly, and half year budget reports were issued that provide comparisons between actual revenue received to date and revenue projections actual expenditures compared to appropriations. If revenue projections were off the target, modifications should be made to ensure that the budget is balanced. Budget short falls can cause serious operating and personnel problems for bureau heads. (EGRP, 1994,p,225).

A weak budget system and a poor budget choice exaggerate social problems. Moreover even, where budgets are allocated to reach the poor and vulnerable groups, the funds may not reach the intended beneficiaries due to weak expenditure and program/financial management.

All these factors justify the need for effective budget management (mathur, 1996).

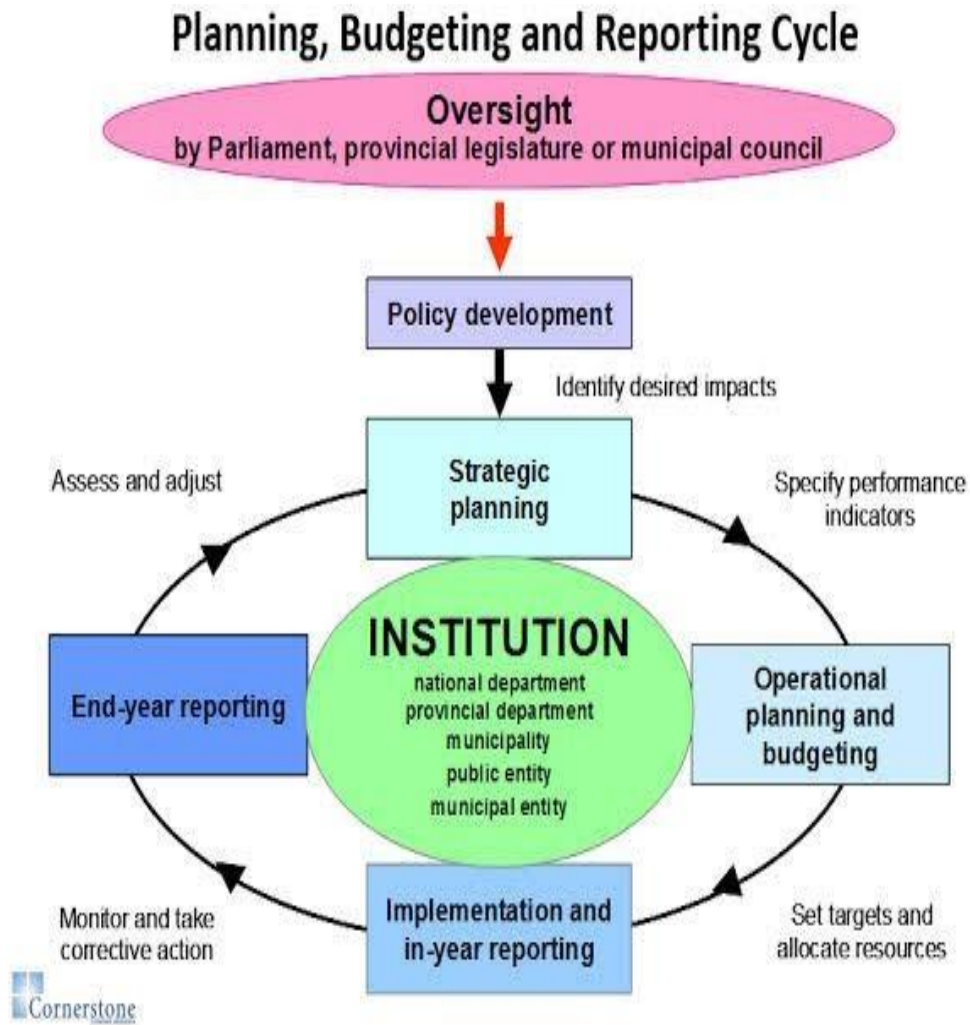


Figure 2.1 budgeting cycle

2.10.3 Other countries budget experience

Canada exhibits notable strengths in fiscal reporting and the performance orientation of the budget. The Federal budget and financial statements are comprehensive, and include all major Crown corporations. Fiscal statistics cover the full public sector. The Expenditure Management System (EMS), which was enhanced in 2007, is an integrated framework for setting outcomes and program objectives consistent with the government's priorities, aligning spending with these plans, and monitoring performance. (World Bank --2002), how to prepare a realistic budget.

Additional improvements have been made with regard to fiscal forecasting through the publication of a long-term fiscal sustainability report, and formation in 2006 of the Parliamentary Budget Officer (PBO), which greatly expands capacity for independent assessment of government proposals and forecasts. While Canada did not experience the same level of fiscal impact from the financial crisis as many developed countries, it weathered the policy challenges without well-defined fiscal rules or extensive assessment of fiscal risks. World Bank (2002) how to prepare a realistic budget.

Expenditure estimates for the forward years in Canada's medium-term framework for fiscal policy and budgeting are not binding and are re-established each year. More than half of the Federal budget is accounted for by statutory spending, principally transfers to households and other levels of government, which does not require annual appropriation, and is not systematically reviewed in the annual budget process.

Departments are responsible for managing the resources allocated to them. Departmental officials are required to maintain records of financial commitments and ensure that payments do not exceed funds appropriated. If payments are found to exceed appropriations, the amount of the excess will be a first charge against the appropriation for the immediately subsequent fiscal year. Payments made in the new fiscal year for amounts owed for work performed or goods received by March 31 can be accrued to the previous year. Execution is closely monitored throughout the year by the Treasury Board Secretariat. Statutory spending can exceed the forecast presented in the budget.

For example China has made significant progress in reforming its budget institutions in the past decade, though important weaknesses remain. The coverage, quality, and detail of government financial reporting have improved noticeably, but a comprehensive quantified statement of fiscal risks is still missing in budget documents. Multi-year macro and fiscal

forecasts are prepared within the Ministry of Finance (MOF), but are not published, nor used by the State Council to help define fiscal policy or expenditure ceilings on a multi-year basis.

In the case of France's budget institutions are well developed and have strengthened further over the last three years. Fiscal reporting is comprehensive, timely, and detailed but only extends to the general government. Detailed medium-term macroeconomic and fiscal forecasts are published twice a year, but long-term projections are limited to a few indicators and a single scenario. Disclosure and management of contingent liabilities is strong, but analysis and management of macroeconomic and balance sheet risks is limited. A new independent High Council on Public Finances was established in 2013 to evaluate the credibility of official macroeconomic forecasts and fiscal targets. The fiscal rules set out in the EU Fiscal Compact were transposed into an organic law on public finance and governance enacted in 2012.

These rules are supported by a multi-year budget framework, strong performance orientation, and strict top-down approach to the preparation, approval, monitoring, and execution of the 30 present general government expenditures covered by the State budget. However, State controlled agencies, social security and extra-budgetary funds are governed by somewhat looser rules than the ones applied to the State budget, which has until now contributed to disparities in fiscal performance across different parts of the general government and resulted in a greater share of the consolidation effort coming from the State budget (World Bank, 2002).

2.10.4 Budget Transfer in Ethiopia

It is Possible to move budgeted funds between public bodies, budget institutions, projects or items of expenditure, without changing the total approved budget. Budget transfers between public bodies, budget institutions, projects or items of expenditure are authorized by the Financial Administration Proclamation No. 648/2009 and the Financial Regulations No.17/1997, subject to certain restrictions and the required level of approval or authorization. These include:

- No transfers are permitted from other recurrent expenditure to salaries, wages or allowances;
- No transfers are permitted from the capital budget to the recurrent budget;
- All other transfers must be approved by the authority specified in Part Four of the Financial Administration Proclamation No. 648/2009 and the Financial

Regulations No. 17/1997. On the other hand, MOFED is empowered to transfer funds within items of expenditure of the recurrent budget; and budget from one capital project to another within a public body FDRE (2009).

2.10.5 Budget Supplement

The total approved budget can be increased with the approval of the Council of Peoples Representatives on recommendation of the Council of Ministers. It is additional authority to spend beyond the original approved budget. During a budget year, while an approved budget is in the process of being implemented, it is possible that an unforeseen or urgent need for increased expenditures arises, (e.g. a natural disaster) or a new project, not included in the original approved budget, is approved for commencement during the budget year; Additional resources become available (e.g. from external assistance or loans) that can fund increased total expenditures, including any new projects. Any of these circumstances may require additional expenditures during the budget year by a public body beyond those in the approved budget.

In these situations a supplementary budget and appropriation are required. These are also authorized by Part Four of the Financial Administration Proclamation No. 648/2009 and the Financial Regulations No. 17/1997. Supplementary budgets are coordinated and prepared by MOFED, based on requests or proposals received from public bodies. Public bodies are required to prepare their supplementary budget requests in writing and submit them to the MOFED Budget Department. Then, MOFED notifies public bodies of their approved supplementary budget. Subsidiary ledger cards must be kept up to date by public bodies so as to show the correct adjusted budget and to prevent any overspending or over commitment of funds available.

MOFED coordinates the management and control of public funds in Ethiopia. It is this Ministry that keeps the accounts of the federal budget and prescribes regulations on financial management and control for ministries and government agencies. In addition, ministries are required to manage and control funds allotted to them following the central regulations and directives on financial management set out by MOFED. The regulatory mechanisms of the budget include requirements that:

- Budgetary receipts are recorded in the appropriate budgetary account as prescribed in the financial regulations and in a timely manner;
- Collected revenue is recorded under the appropriate revenue account;

- Expenditure only is made in compliance with the financial regulations;
- All books of accounts are closed each month and a monthly receipt and Disbursement be prepared and submitted to MOFED at the centre and regional Finance bureau in the regions;
- Periodic financial statements are prepared and submitted to the Council of Ministers and regional executive committees by MOFED at the centre and regional finance bureau in the regions; A consolidated annual report be prepared and sent to the Council of Ministers and regional executive committees by MOFED and regional finance bureau.

MOFED can be seen to play a Central role in the budgetary process of the country. It controls the formulation and implementation of the budget of line ministries at various levels. During the writing of the Budget Calls, it can make changes in the budget allocation of line ministries after review and analysis of the budget estimate submitted by the ministries. It decides the level of the budget to be recommended to the Council of Ministers. During implementation, it has the power to disburse funds. Through the monthly accounting reports, it scrutinizes the performance of the 25 ministries in budget implementation, and it can decide on the level of funding to be authorized for disbursement. It can also approve transfers and recommend supplementary allocations. As stated by AlemayehuGeda and DawitBirhanu (2011) the new fiscal year budget implementation begins with the issuance of budget notification from MOFED to budgetary institutions. Institutions are expected to submit action plans (financial and physical) for the budget year based on the approved budget spending. Budget utilization is implemented using a three month rolling disbursement request to MOFED by the budgetary institutions. MOFED in turn releases funds according to their request. Previously institutions were obliged to submit their requirement monthly. When we see the annual budget cycle, it is devoted to budget implementation and control.

This stage focuses on:

- Notification of the approved and allocated budget to the budgetary institutions by MOFED;
- Submission of annual and sub-annual cash flow needs planning by the budgetary institutions and release of fund by MOFED through zero-balance cash flow management system
- Evaluation and monitoring of implementation of projects.
- Comprehensive auditing of Federal Government accounts by the Office of the

Federal General Auditor and submission of the audit report to the Parliament; and approval of the report by Parliament; and

- Take corrective actions based on the audit findings and recommendations by MOFE

2.10.6 Conceptual Framework

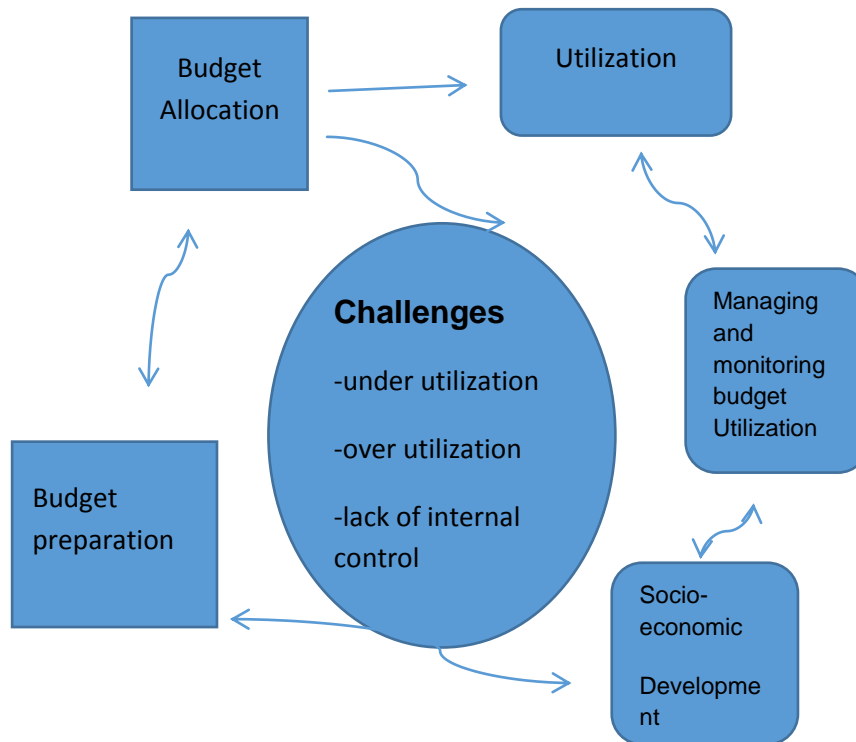


Figure 2.1: shows the research conceptual framework

CHAPTER THREE

3. RESEARCH DESIGN AND METHODOLOGY

3.1 Research design

In order answer the research questions of assessment of budget allocation and utilization system in public sectors the researcher uses a case study research design. For the purpose of the study to better explain the objective of the assessment the researcher also used an explanatory and descriptive research method. According to Brockington 2003 (cited in Solomon 2011, p. 24), a descriptive research method was used to find information regarding the status of the phenomena to describe, What exists with respect to variables or conditions in a situation, and it also it is useful to answer questions like what,who,where,when and how of the research problem. The descriptive method of research in this study is about detailed discovery of data gathered from respondents that were recorded, defined, investigated, and interpreted by the researcher. This will help to deliver a cost-effective and efficient way of evaluating the anticipated information for the study.

3.1.1. Data source and data collection techniques

3.1.1.1. Data source

In order to answer the research questions and address the main objective of the study, both primary and secondary data are used. Primary data was the main sources of the information for the study, which are presented as follows;-

Primary Source of Data

Primary data sources were used for first-hand evidence to attain the aims of the research. The primary data sources were gained through distributing questionnaires (both open and close-ended questions) from informants of Addis Ababa public sectors (budget head sectors ,budget , process owners and planning and budget expert of sectors , audit professional , budget committee in addition interviews were (from budget committee) were conducted.

A. Secondary Data Sources:

The researcher used a secondary data collected through review of all existing documents and literatures (published and unpublished) of different sources like Addis Ababa City Administration bureau of economic finance development office (BOFED), Ministry of Finance and Economics corporation (MOFEC) , audited report books, online-internet, manuals, budget proclamation and articles. Budget document, policy directives and constitution, previous research papers, books, websites and other related research papers to relate with the public budget allocation and utilization in Addis Ababa city administration public sectors.

3.1.1.2. Data collection techniques

Depending on the research questions close and open ended questionnaires and interviews and focus group discussion were used to collect relevant information for the study. The questionnaire is the most preferred means to obtain reliable and valid information from a large population within a given time frame.

Thus, questionnaire were prepared for budget heads, budget process owners Budget planning and experts, budget committee, audit professional (OFGA) and head of purposely selected three sectors of Addis Ababa city administration public sectors. Interviews both structured and un- structured interviews were also prepared for the above mentioned concerned bodies and main informants. Particularly Interview was selected to obtain information issues that required more interpretation ,justification and clarification such as annual budget reports, budgeting policies and procedures and vague information that was not addressed by using questionnaires; and basically it was prepared based on the intention of the questionnaire.

3.2 Population and Sample Frame Determination

The population of the study by using simple random sampling will be taken from selected public sectors (road and transportation, water and sewerage, house and development office) of budget holders of Addis Ababa city administration public sectors.

The study focuses on 150 total populations selected in the Addis Ababa city administration public sectors. The target population of the study focus on 3 budget heads , 50 budget process owners, 40 budget planning and experts ,40 budget committee 17 audit professionals (OFGA) . It is impossible to contemplate all populations in the sample size due to the spread and large number of the population. The study also focused on part of the population settled around the main head three sectors of Addis Ababa city administration public sectors. The study involves three main public sectors in Addis Ababa city administration, road and transport, water and sewerage, house and development office. Furthermore, most budget users are similar in nature except the proportion of budget allotted to them in each sector.

3.2.1 Sampling Technique

The researcher used simple random sampling technique. This enables to select respondents without intention and minimize the biases that can happen from researcher deliberate selection of respondents. From probability, particularly statistical sampling was employed since it is used to collect data from respondents in case of perception of different units that are basically expected heterogeneous. Therefore. To give a chance for all different division in the organization, the researcher use the following formula to select sample of size respondents from the total population level of confidence 95 % To calculate confidence interval and 5% sampling

Error. When $n =$ sample

$$n = \frac{n}{(1+n) \cdot e \cdot 0.05}$$

$n =$ total population
 $e 5\% =$ sampling error

Source: taro

3.2.2 Sample Size

The researcher used simple random sampling method, since the budget allocation system needs skill/familiarity to the actual activity. According to Kothari (1995), if the researcher uses probability sampling, the sampling procedure does afford any basis for estimating that each item in the population has been included in the sample. Hence, this type of sampling techniques have advantage of less costly and less time consume representative and simple to draw samples, this techniques helps to comprise knowledgeable units about the topic and to obtain the intended information from the officials employees who have more representatives in budget preparation, allocation and implementation in Addis city administration public sectors(road and transport; Water and sewerage, house and development offices) about 150 purposely selected total population. The target population of the study focus on 3 budget heads , 50 budget process owners, 40 budget planning and experts ,40 budget committee 17 audit professionals (OFGA).

3.1.2. Method of Data Analysis and interpretation

Both Qualitative and quantitative data analysis methods will be used to analyse data collected through primary and secondary sources. The data collected through questionnaire was analysed using SPSS application and descriptive statistics such as graphs, percentages tables, and offered using descriptive statistics (frequency and percentage). Feedbacks obtained from open-ended and closed questionnaires, and interviews were analysed using Qualitative method of data analysis. Even if the literature review depends on the secondary sources it uses Quantitative analysis of the data collected through personal interview and structured questionnaires.

CHAPTER FOUR

4.1 DATA PRESENTATION, ANALYSIS

In this chapter, the data collected from various sources related with budget allocation and utilization of Addis Ababa city Administration has been discussed and the main objective of this study is to assess how the budget allocated and utilized in selected public sectors of Addis Ababa city Administration based on budgeting processes. Both secondary and primary data were used and analysed to attain the objective of the study. In this chapter, the demographic data of samples is discussed first and secondly the budget preparation process and approval stage in city administration are discussed. Third, the linkage between sectors plan and budget allocation processes was identified. Fourth, the level of transparency in budget allocation processes was also presented and evaluated. Fifth, depending on the main aims of the study, the most evident difficulties were identified and conclusions and recommendations were given finally.

4.2 Demographic Characteristics of the Respondents

4.2. 1 Response rate

In this research study respondents were classified in to five types namely; budget Heads, process owners, budget planning experts, budget committee, and budget audit experts were selected as samples of all the budget holders. Structured questionnaires (attached in Appendix 1) were sent to 150 respondents due to some respondents refused to fill or partially filled the questioner the study focuses on 129 respondents, therefore, the researcher distributed 129 questionnaires for 3 budget head of sectors, 45 budget process owners and 35 planning and budgeting experts, 33 budget committee, 13 Auditors professionals at selected public sectors of Addis Ababa city administration. Hence (86%) of the population have properly filled questionnaires and returned.

Table 4.1 shows number of respondents and their position.

Respondents	Target population	Sample size	Response	Gender	
				MALE	FEMALE
Budget head	3	3	3	3	
Budget processors owner	50	45	45	32	13
Budget planning and expert	40	35	35	30	5
Budget committee	40	33	33	27	6
Budget auditors	17	13	13	8	5
TOTAL	150	129	129	100	29

Source: Survey 2020.

The items on the above Table 4.1 the sex composition of respondents shows the involvement of female respondents on the study and from the total of 129(one Hundred twenty nine respondents) as of which 100(77.5%) are Male respondents and 29(22.5%) are Female Respondents .This data shows that there is higher number of Male respondents than Female.

The following table 4.2 shows the characteristics of respondent's interims of gender and educational level.

Table 4.2 characteristics of respondent's interims of gender and educational level.

Educational Level	Gender		Service Year			
			<=5 years	6 to 10 years	11 to 15 years	Above 16 years
	Male	Female				
1st Degree	75	20	30	30	20	15
2nd degree and above	25	9	6	8	12	8
Total	100	29	36	38	32	23

Source: Survey data 2020.

On the government budget preparation, allocation and utilization process Educational level and work experience have an insightful influence on the study of the response and also a significant influence on the linkage between them.as it shows above on table 4.2 the educational background of respondents the is no certificate and diploma level ,and bachelor degree 95(73.6%) among them 75 (58.1%) male ,and 20(15.5%) female ,and 2nd Degree 34(26.3%) among them 25(19.3%)male and 9(7%)female) respondents. This implies that in Addis Ababa city ministration in budget preparation and allocation office.

Most of employees are BA degree holders and they may upgrade their educational experience through time as compared to the previous past years and it has a significant effect on the performance of the public sector offices.

As we see above on table 4.2 the importance and a significant contribution of work experience of respondents on budget preparation and allocation process on city administration public sectors. There for, work experience of respondents as depicted on table 4.2 above 36(28%) of respondents have less than or equal to 5 years of working experience, and 38(29.45%) of the respondents have working experience of 6 to10 years and 32(25%) of the respondents own 11 to 15 years of working experience and the rest 23(18%) of the respondents have working experience of more than 16 years on public sectors of Addis Ababa city administration. Therefore we can understand that most of the respondents are not new for public budget preparation, allocation and utilization in public sectors.

Table 4.3 respondent's response on budget allocation, preparation and approval stage in city administration.

Hint: 5=strongly agree, 4=agree, 3=Disagree 2= strongly disagree, 1=Neutral

Questions	Respondents					Total
	Strongly agree	Agree	Disagree	Strongly Disagree	Neutral	
A. Budget preparation Stage	5	4	3	2	1	
Each sector really analyse and preparer annual work plan based on government agencies and their sectors mandate before budget request	20 (15.5%)	75 (58.1%)	15 (11.6%)	20 (15.5%)		100%
MOF seriously analyse each sector previous and next year annual work plan	25 (19.3%)	65 (50.3%)	35 (27.1)	4 (3.1%)		100%
The urban cabinet seriously analyses and approves the sector's plan.	10 (7.8%)	20 (15.5%)	70 (54.2%)	29 (22.48%)		100%
Budget managers present the actual fund needed(capital and` recurrent budget) by their program without exaggeration	13 (10%)	29 (22.4%)	59 (45.7%)	20 (15.5%)	8 (6.2%)	100%
Once the resource envelope is set and each sector receive their share, sectors' plan is considered	19 (14.7%)	32 (24.8%)	53 (41.0%)	25 (19.3%)		100%

in allocating the budget						
In reviewing the budget, the budget committee consults experts and utilize their knowledge	-	32 (24.8%)	69 (53.4%)	23 (17.8%)	5 (3.9%)	100%
The budget committee of the city analyse budget allocation in light of strategic/annual plan before providing for approval	-	27 (21%)	73 (56.6%)	29 (22.4%)	-	100%
Approval stage	5 S .Agree	4 Agree	3 Disagree	2 Disagree	1 Neutral	Total
Addis Ababa city administration council seriously Debate and Analyse the allocation of budget before approval?	-	40 (31%)	67 (52%)	22 (17%)	-	100
Source : survey 2020						
The city administration council have influence on setting budget priorities among different sectors	17 (13.1%)	34 (26.3%)	55 (42.6%)	23 (19%)	-	100%
The city administration council approves the budget on time with no unnecessary Delay	16 (12.4%)	39 (30.2%)	50 (39%)	24 (17%)	-	100%
The councils of the town analyse budget allocation in light of strategic/annual plan before providing for approval	-	22 (17%)	37 (29%)	55 (43%)	15 (12%)	100%
The town council amends or adjusts the budget allocated to each sectors before approval	-	42 (33%)	60 (47%)	27 (21%)	-	100%
In review the budget the town council gathers opinion from different sectors and utilize their knowledge before budget approval	-	25 (19.3%)	38 (29.4%)	59 (46%)	7 (5.4%)	100
The city administration continuously analyse the budget variances with budgeted actual plan in public sector	-	24 (19%)	35 (27%)	63 (49%)	7 (5.4%)	100
Source : survey 2020						

A. Budget preparation stage

I. Each sector really analyses and prepares their annual work plan based on government urgencies and their sectors mandate before budget request

As explained above On the above table 4.3 the percentage rate of respondents shows that (27.1%)of the respondents either strongly disagree or disagree with the statement that each sector analyses and prepares its annual work plan based on government emergencies and their sectors need prior to the budget request. According to Addis Ababa city administration budget administration procedure

No.3/2003 -7 during Budget called each sector in line with the city administration fiscal and economic horizon and financial implementation authority they asked to prepare an annual budget request plan including capital budget. However during the budget process of the fiscal year different political activities where happened and decisions made by the city administration council, this may involve debate and consultation between relevant parties and gathering of planning and budgeting inputs from the sectors ,setting up of budget framework on paper ,public announcement , prioritizing sectors and reading the next years approved budget. Though, the budgeting process may be different from in public sectors and can be organized in different ways yearly.

As we see in the chapter 2 , ‘budget preparation is often viewed as a predominantly an executive role and includes the planning, sometimes referred to as pre-preparation and the linkage of plan through medium-term expenditure framework for annual budget establishment of priorities and resources spending envelops’ (Shah, ed. 2007a, p. 222).

II. MOFED seriously analyse each sectors previous and next year annual work plan

According to Addis Ababa city administration financial administration proclamation NO. 16/2002, after preparation of the annual work plan of sectors and submitted to the city administration finance Bureau. And the Bureau should scrutinize the sectors previous and the next year annual work plan with adjustment if there any and present it to the urban cabinet for budget approval. Though, on table 4. 3 as indicated (50.3%) of respondents either agree or strongly agree that MOFED (MOF) seriously analyses each sector's previous and next year annual work plan.

The urban cabinet approves the sector's annual work plan which is scrutinized and analysed by the city administration finance office; respondents on this stage indicate that the review of last year's work performance and review of the next fiscal year plan is an important stage for urban cabinet approval. All sectors combine and submit their annual work plan through the urban finance office for the urban cabinet for debate and approval. During the debate, consensus will be done on the next fiscal year sectors work plan. The evaluation and approval of an annual work plan by concerned bodies are a crucial means of determining the allocation of the next budget ceiling.

III.. The city cabinet seriously analyses and approve the sectors plan

As indicated on table 4.3 above (54.2%) of the respondents Disagree or strongly Disagree on the urban cabinet seriously analyses and approves the sectors plan .there for this indicates that the city cabinet did not approve and notify the budget call and subsidy budget, in order to establish the total resource encircle available for sending the MOF consider and estimate revenues that will be generated during the budget year. After the next total revenue of the city administration is estimated, it is followed by a budget call. Considering this statement, the budget procedure of MOF stated that;-after the new budget ceiling was given to urban finance through regional MOF, the city administration finance office ordered sectors to request their budget request depending on the new ceiling of public sectors budget. During the budget request stage, the sector plan and budget ceiling should be adjusted on the form provided by the urban finance office. Public sector heads and managers should present the actual and exact amount of funds needed for their capital and recurrent budget without boosting. However, the collected data from respondents on table 4.3, indicates that, (45.7%) of the respondents

Either disagree or strongly disagree with the statement that budget managers (sectors) present the actual fund needed (capital and recurrent budget) by their program without exaggeration. This tells us more about the disparity between the truth on the ground that is needed and the existing resources. As respondents dictate on the additional comments that sectors did not scrutinize the actual fund required for their sectors program and most of the time they demand huge funds which are not directly operational to their program.

IV. Sectors work plan review

According to MOFED's (2012) budget manual indicated, the first phase in budget preparation is: each public sector should seriously observe and prepare their annual work plan

based on government priorities and their mandate before budget request. This analysis is based on the last year performance and the next year annual plan depending on priorities and then submit to MOF.

As indicated above on the city administration budget procedure, and on the data collected from the study indicates that each sector priority prepares annual work plan cascaded by quarter months which is dependable with regional government policies and priorities which used to benchmark the last performance and setup future activities .though each work plan measure with its progress compared with spent cost.

V. Once the resource envelope is set and the city receives their share, sectors' plan is considered in allocating the budget

As indicated on MOFED budget manual, once the resource envelope is set and the city administration receives their share, the sector's plan is considered in allocating the budget based on government priority and policy framework.

Estimated expenditure ceiling set by urban finance office for each public sector, helps the allocation of funds for different function based on discussion between the sectors and the finance office, however, the data collected from the respondents above on table 4.3 indicates that (41%) either disagree or strongly disagree with the statement that once the resource envelope is set and the city administration receives their share, sectors' plan is considered in allocating the budget.by referring this fact , respondents on the open ended questions ,budget allocation decision was biased by considering only not the fact on the ground, but like; charismatic power of head of the sector, due to politically affiliated group position and intimacy between officers rather than activities that need priority solution than others .this statement shows that there is lack of accountability on the process of budget allocation and professional planning in Addis Ababa city administration.

VI. In reviewing the budget, the budget committee consults experts and utilize their knowledge

According to MOFED budget manual, urban finance development office prepare budget breakdown and cascade sectors annual plan and budget request with the existing budget; in consultation with experts and utilizing their knowledge the budget committee of the city administration is expected to analyses sectors annual plan and budget allocation in line with strategic government policies and priorities before providing approval. However, as depicted on table 4.3 above shows those (53.4%) respondents either disagrees or strongly disagree on the statement that the budget committee consults experts and utilizes their knowledge in reviewing the budget. However, even if the budget committee of the city administration has

the mandate power to review the budget prepared by the urban finance office, it is not applicable in Addis Ababa city administration public sectors.

On the other hand, questions were whether the budget committee seriously analyses the budget allocation in light of strategic/ annual plan before providing for approval, asked to the respondents, however the data from the respondent on table 4.3 shows that (56.6%) of respondents either disagree or strongly disagree with the statement.

B. Budget Approval

In this stage, the budget to become effective after the budget has been prepared it has to be approved by the legislature. According to Norton and Elson, Budget approval follows when the executive's budget is discussed in the legislature and consequently enacted into the law, this happens when the executive proposes the budget lawfully to the legislature. Then, the legislature debates about the budget which includes votes and budget hearing by the legislative committee .

When the budget is accepted by the legislature , either intact or with adjustments the process of budget approval ends up and goes to the next step. The budget also can be rejected by the legislative and in some countries replaced by the legislatures own proposal (Norton and Elson, 2002).

On table 4.3 the above concerning the budget approval stage responses were summarized as follows.-

Before the approval of the budget by the executive, the Addis Ababa city administration council has mandate power to debate, review in rare cases approve and amend or reject the expenditure plan Proposed by the executive. However, the data from respondents on table 4.3 above (69%) of the respondents either strongly disagree or disagree about the statement city administration council seriously analyses and debates budget allocation before approval.

On the other point, in budget debates and reviewing budget expenditure priorities the legislature has to play a pivotal role. However the data collected from table 4.3 above respondents either strongly disagree or disagree about the statement city administration councils have influence in setting budget significances between different sectors. This shows that the proposal *presented* to the city administration council would be approved in Addis Ababa city administration.

And also on the above table 4.3 budget approval stage item 5 respondents were asked whether the city administration council amends or adjusts the budget allocated to each sectors before approval, majority of respondents (68%); either strongly disagree or disagree; this indicates that there is little effort or no budget amendment that is the proposed budget is directly approved. In addition to these respondents on open ended questions, they remind that due to the fact that legislature's lack of budgeting knowledge and skill the budget is approved without necessary steps and they didn't scrutinize and suggest possible solutions rather they accepted the proposed budget. On the other hand on table 4.3 above (49%) of the respondents either strongly disagree or disagree with that statement that the city administration continuously analyses the budget variances with the budget actual plan in the public sector.

Generally, even if the executive have the main goal in developing the annual budget and proposed to the legislature, and the legislature has the authority to review, debate, and also amend, approve and reject the expenditure plan recommended by the executive and eventually approve the budget; even if it was not applicable in Addis Ababa city administration council. Respondents on additional questions & comments provided as, regarding the budget allocation process, legislatures didn't have sufficient knowledge about the budget allocation process and they didn't know their duties and responsibilities. This led to improper budget allocation to sectors which need priority according to government policy and direction. According to MOF budget manual, each urban city administration should approve their budget between July 25-30 E.C and submit to urban finance development office. In relation to this the respondents on table 4.3 above item 3 were asked whether the city administration council approve the budget on time with no unnecessary delay, (56%) of the respondents either strongly disagree or disagree about the statement.

4.3 The linkage between public sectors plan and budget allocation process

Budget manuals and procedures of Addis Ababa city administration and MOF indicate that annual work plans of public sectors should be prepared and submitted to the finance office by concerned officers ahead of the budget year and arrangements and consolidation of necessary information have been done.

After the cabinets approve the work plan, the budget call will be notified by the finance and economic development office and budget ceiling to each spending public sector. The budget

call makes available each public body about the macroeconomic setting, their budget ceiling for recurrent and capital expenditure for the coming fiscal year. After, the public bodies will be notified of government priorities, guidelines on treating external loans and assistance, general and detailed instructions and formats to be used for budget preparation. Public bodies are responsible for preparing their budget request based on the aforementioned programs and budget ceiling. The budget preparation involves an assessment of new and existing programs and performance of on-going projects with their work plan. They have to prepare a justification for each expenditure item by using cost build up in each project and sub agency. Based on the outcome of the review and capacity of financial absorption, a budget proposal is prepared and submitted to the finance and economic development office.

After spending public bodies have submitted their request, the head of public bodies and relevant department heads defend their budget request in a formal budget hearing with FEDO. After the budget hearing is over, the budget request of public bodies will be revealed, adjusted, consolidated and FEDO will make recommendations. The total recommended budget by each public body has been submitted to the urban cabinets for approval. Once the budget is reviewed and approved, it will be submitted to the urban Councils for final approval and appropriation. After approval, FEDO has notified proclaimed budget to public bodies. The public bodies are then required to prepare a work plan and cash flow and submit to MOFED. However, the most important issue is not only how the budget process is undertaken, but also the linkage between planning and budget process. As discussed in the literature part, failure to link government policies, planning and budgeting may be the single most important factor contributing to poor budgeting outcomes at the macro, strategic and operational levels in developing countries. In many countries, the systems are fragmented. Policy making, planning and budgeting take place independently of each other (WB, 1998).there for, budget preparation and planning knowledge and understanding very important for policy makers and to identify expenditure prioritization for unique budget proposals that helps to analyse tangible socio economic viewpoints.

Table 4.4 Respondents response on the integration of Planning and Budget Process.

No	Issues	yes	partially	no	total
1	Familiarity with Government policies and fiscal planning	40 (31%)	68 (52.7%)	21 (16.2%)	100%
2	.linkage between Government policies and fiscal planning processes	57 (44.1%)	59 (45.7%)	13 (10%)	100%
3	budget guidelines accessible and clearly articulated	26 (20.1%)	40 (31%)	63 (48.8%)	100%
4	strategic plan of your sector is practically operational	31 (24%)	40 (31%)	58 (45%)	100%
5	Is the Sector's annual budget request is truly linked with their annual work plans?	35 (27.1%)	37 (28.6%)	57 (44.1%)	100%
6	Do you get Sufficient money (budget) that you request or plan?	27 (21%)	35 (27.1%)	67 (52%)	100%

Source: survey field 2020.

The results depicted on table 4.4 indicate that 84% of the respondents replied either yes or partially with the statement Familiarity with Government policies and fiscal planning but also not familiar with the linkage between Government policies and fiscal planning processes. This study mainly pinpointed that fiscal planning of government and fiscal policies are not well framed into budgeting processes. And also as we see above on table 4.4 item 3 indicates that 79% of the respondents have answered that” partially” or “no” with the statement that budget guidelines are accessible and clearly articulated, the result of the study indicates that government policies and guidelines are not clearly articulated in public sectors.

However on table 4.4 above items 4 indicates that 76% of the respondents replied “no” with a statement that the strategic plan of your sector is practically operational. As we see hear in Addis Ababa city administration strategic plan of government is not practically Implemented and is not operational shows lack of focus.in relation to this 73% of respondents indicated and answered “moderate” or “less “with the statement Sectors annual budget request is truly linked with their annual work plans? This indicates that there is a gap between sectors annual work plan and budget allocation in sectors.

The statement to address the linkage between government policy, planning and budget allocation many countries have introduce medium –term resource and expenditure planning tools as a guide for the annual or multiyear budget process(WB,1998),in Ethiopia medium

term expenditure framework (MTEF) emerged during civil service reform and the beginning of public expenditure review. The main objective of MTEF is to introduce and develop an appropriate policy framework for strategic planning of public expenditure so as to establish a strong link between policy framework, planning and budget process. The main components of MTEF are: a) economic growth and the growth of gross domestic product; b) public sector expenditure and source of finance; c) the allocation between the Federal Government expenditure and subsidy to Regions; d) the allocation between capital and recurrent expenditure for the Federal Government; and e) the allocation of capital expenditure among federal public bodies through indicative planning figures.

In Addis Ababa city administration, to address the weak linkage of government policy, plan and budget allocation is not implemented properly; however MTEF approach is basically an effective budget process ,if correctly applied ,the

MTEF can advance medium term resource allocation and link government policies and programs, and the resources allocated to their implementation.

4.4 Transparency in Budget Allocation Process

Budgetary or Fiscal transparency is “an environment in which the objectives of policy, its legal, institutional, and economic framework, policy decisions and their rationale, data and information related to monetary and financial policies, and the terms of agencies’ accountability, are provided to the public on an understandable, accessible, and timely basis” ECA’s, 2002 (cited in ECA, 2005, p. 2). Fiscal transparency is not only accessibility of financial information.

Explicit types of information delivered regularly and timely, in manageable formats. The information should be based on credible information and it should be reliable. Therefore, the following questions were asked to identify the level of transparency of available information about financial information in the budget allocation process.

4.4.1 Instrument used to distribute Budget information

The mechanisms used to distribute budget information should be determined by the choice of the city administration, but the cost of disseminating mechanism should be considered in which we select, the literacy level of the people, the availability of mechanisms to address the mass population about the approved budget information. Therefore, the following table summarizes the respondent’s response of mechanisms they perceive.

No	Mechanism	frequency	Percentage %
1	Radio	38	29.4%
2	News paper	20	15.5%
3	Public conference	18	14%
4	Billboard Poster	41	32%
5	Brochures and Pamphlets	12	9.3%
	Total	129	100%

Table 4.5 mechanisms used to disseminate budget information

Source, filed survey 2020.

On The above table 4.5 the analysis shows that 32%of the respondents get budget information about their sectors and also about the other offices budget in formation this shows that billboard posters ate the main means used to distribute budget information on the available place. Next to this the second main tools of budget information distribution were by using public radio 29.4% and also according to respondents newspapers 15.5% on the third place used to disseminate budget information for public transparency. According to the above data Addis Ababa city administration mainly used billboard posters used to disseminate budget information supported by newspapers and radio programs prepared by the city administration own local radio-FM program that helps the people to get Clear information about the city administration budget information.

4.4.2 Understand ability of budget information

IS BUDGET BUDGET INFORMATION PROVIDED IN UNDERSTANDABLE WAY?

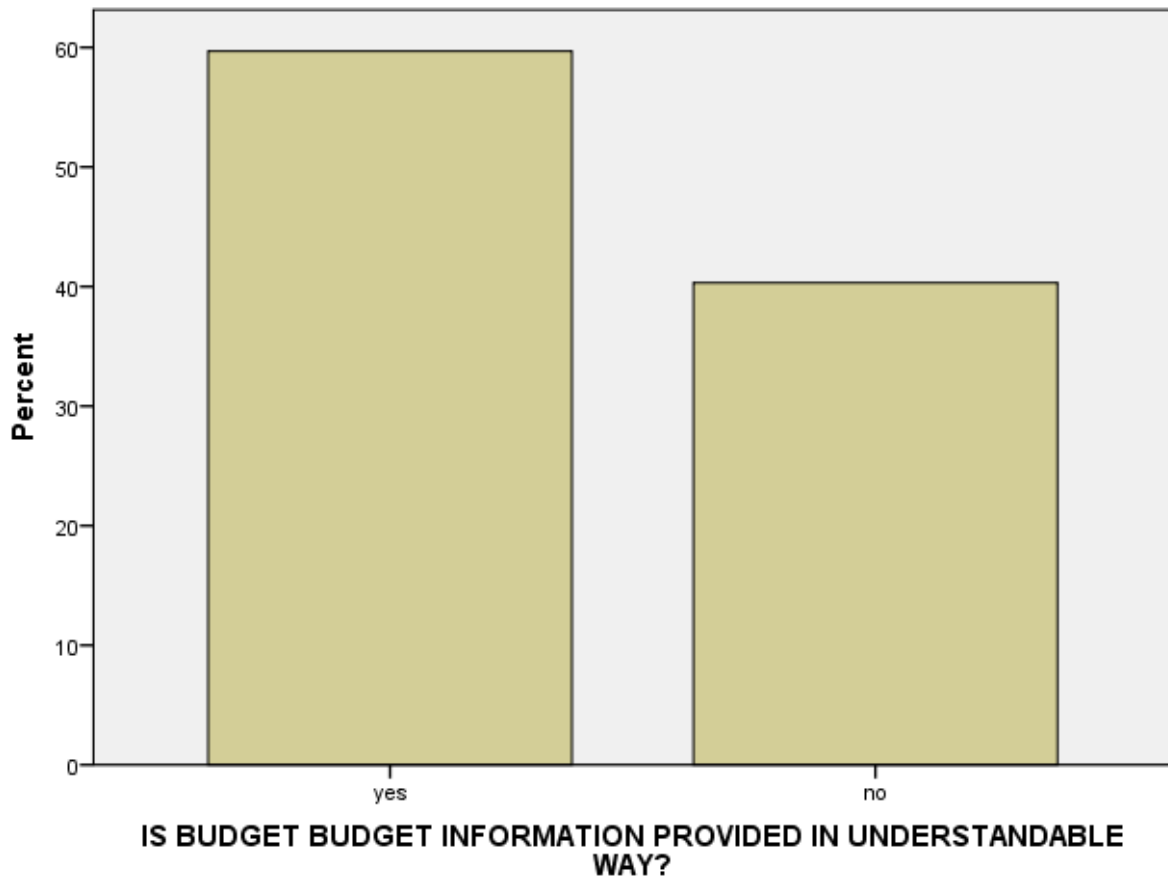


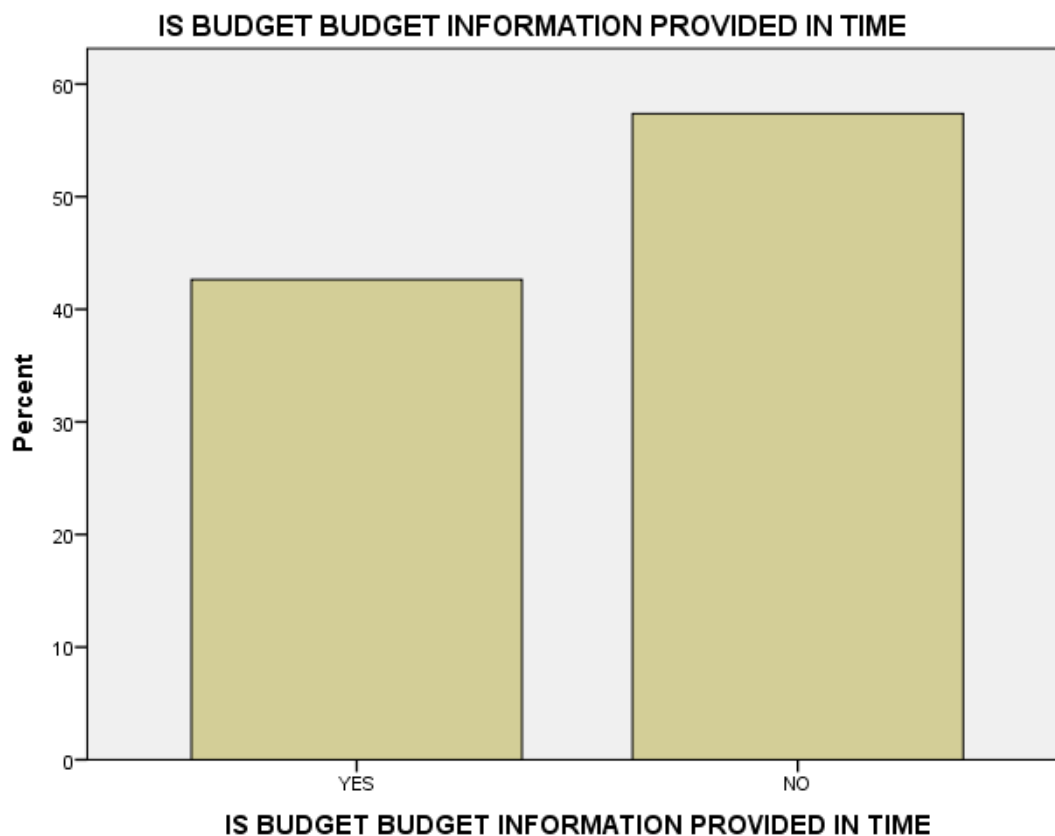
Figure 4.3 budget information understand ability

Sores: survey 2020

According to the figure 4.1 above 59.7% of the respondents agreed that there is no confusion about the budget information provided and the population can easily understand the budget format approved for the budget year. Whereas

40.3% of the respondents specified that budget information is not provided in an easily understandable format. This argument will be supported by using a financial transparency and accountability program and materials for presenting budget information in city administration.

4.4.3. Availability of Clear Information on time



Source. Own survey 2020

Figure 4.4 Budget Information availability

Weak budgeting structure is mostly resulted due to lack of sufficient budget information. This stands from late contribution of information on costs and expenditure which helps for effective expenditure control and decision making.

Consequently the accessibility of on time and clear information is very important for budget transparency. Though, concerning this idea, the respondents on the question, weather there is clear information is available

On time or not in Addis Ababa city administration, according to fig.4.2 shows that 57.4 % of the respondents replied that there is no on time availability of clearer budget information. And 42.6% of the respondents replied yes on the availability of clearer budget information on time

4.5 Government Budget Allocation Processes Bottlenecks in Addis Ababa city administration public sectors.

Government budget allocation mainly focuses on how government funds are allocated to each public sector program and how efficient public expenditure is a key criteria to government

plans. The competency standards reflect that resources should be allotted on the way to capitalize public sectors programs, while government priority areas focus on; the budget should be allocated on the bases of its objective to be accomplished. But this should be adjusted and reconciled using budget reforms such as planning, programming and budgeting. Are anticipated to handle efficient allocation and expenditure priorities.

According to the research finding the outcome shows that there are numerous problems associated with government budget allocation in Addis Ababa city administration. by using open ended questionnaires the following problems are summarized from respondent's response. These are:

- a).** lack of sufficient budget information for proper budget allocation, absence of budget allocation history of sectors to forecast the next year budget necessity, and this caused budget allocation without review of sectors annual objectives and programs.
- b).** Typically budget heads are politically appointed and lack focus for sectors, mainly in most public sectors of city administration budget heads are deliberately chosen to hold and run political activities within the sector and they may not be budget professionals and they did not give much attention to sectors budget preparation, allocation, and utilization.
- c).** Lack of skilled man power and absence of professional employees
- d).** in city administration the common criteria used for budget allocation mainly government policy prioritization and past year budget consumption trends.

Accordingly, the executives and head of sectors did not follow scientific methods of budget allocation plan but they used biased criteria for budget allocation, as a result budget decision was a subjective decision by group interest and impartiality during budget discussion and sent to the councils for approval without reaching final agreement.

Consequently, the data collected from respondents by additional questions also indicates that poor budget allocation is caused by less effort to discuss annual plan and lack of adequate information between the participants, and lack of coordinated effort to scrutinize each level of underutilization and over utilization of the budget plan and decision was made without raw facts and figures on the ground.

- e).** limitation of stakeholder's involvement and high political interference in sectors budget allocation.
- f).** lack of urban councillors sufficient knowledge about budget allocation process and budget constraints in public sectors.

CHAPTER FIVE

5.1 Conclusion and recommendation

5.1.1 Conclusion

In this chapter with reference to literature review the findings obtained using tables, charts interpreted based on the objective of the study. Consequently, in Addis Ababa city administration sectors annual budget as compared to their budget preparation and work plan based on the budget guideline and procedure of the city, the urban cabinets did not really analyse and debate on the budget allocation of each sector with the available funds. On the other hand government policies and priorities and the link between them and their implementation is very poor in city administration public sectors. Political interference, poor knowledge of performers in budget planning and allocation highly affects transparency of budgeting process in city administration.

On the other hand even if the budget gridlines are available to the process owners during budget preparation, allocation the rules and procedures are not fully applied for proper budget practice in sectors. This has been due to lack of skilled man power widening the gap between sectors annual work plan, budget preparation and allocation process. Disregarding the realities of the current market prices and lack of scientific estimation of price fluctuation and budget process owners and budget users limited knowledge of planning highly affects the budget allocation process. in addition to this the urban councillors, the budget committee, including head of sectors, they did not seriously debate on the budget allocated to sectors rather they influenced by different political and personal factors.

In Addis Ababa city administration the budget preparation process is very poor, this is due to the head of sectors and urban cabinets did not recognize and analyse annual work with government policies and priorities before budget request. In relation to this, when the resource envelope is set and the city administration receives their share; during budget allocation sectors' plan is not considered well (the sectors' annual work plan was not really shaped with their annual budget).

Budget Approval: in Addis Ababa city administration the legislatures have the right to amend, review, debate and reject or approve and sometimes they can also present their own expenditure plan rather than which is proposed by the executive committee. However after the spending proposal presented by the executives for approval the legislators did not seriously scrutinize and analyse and debate on the allocated budget before endorsement. Among different sectors there is some constraint to set budget priorities by legislatures and little effort by executives for adjustment and amending the allocated budget to each sector. In addition to this, annual work plan and budget allocation process to sectors did not approved on timely manner due to lack of urban councillors budgeting knowledge and power to influence over the city administration budget.

In the way of budget transparency, Mechanisms to disseminate budget information, billboard posters used dominantly to deliver budget information clearly and easily understandable even if it was not presented on time when it is needed. However the delivery of budget information clearly articulated on the budget manual of the city administration and it lacks commitment to respect the budget allocation process.

To sum up, in Addis Ababa city administration during the budget preparation and allocation stage there is little effort to identify challenges and opportunities of budget utilization and there is no satisfactory discussion and debate between head of sectors, budget owners and concerned governmental bodies of city administration.

5.2 RECOMMENDATION

The main aim of this research paper is to assess public budget allocation utilization in Addis Ababa city administration weakness witnessed by budget process owners and budget experts, and propose possible recommendations to resolve budgeting process difficulties in city administration. Consequently, the following possible recommendations are suggested to Addis Ababa city administration budgeting office.

In budget preparation

Addis Ababa city administration budgeting and finance office should employ skilled manpower and professional employees at each level of public sectors and giving professional freedom to be assigned the responsible person at the right place.

Training and development programs should be arranged and conducted at city administration level to create learning and organization culture between employees and budget performers

All stockholders, budget heads, professionals and process owners should participate and give their opinion during budget preparation.

The annual work plan and annual budget preparation plan of sectors should seriously scrutinize by considering the current and future market price fluctuation.

In budget utilization

Strict follow up expenditure plan of sectors and the annual budget allocated to each function.

Creating a concerned attitude of budget professionals and controlling their duties and responsibilities at budget utilization.

- Review of purchasing procedure acceptance and commitment of performers and examining expenditure Performa approval for effective budget utilization.
- Head of sectors Meaningful administration and controller over subordinates and

Timely evaluation of the expenditure output.

- Addis Ababa city administration finance office should properly amend its performance by using recommendations and feedback, opinions obtained from each budget user and public sector budget professionals.

Generally, Addis Ababa city administration should develop and bench mark all possible means of effective budget allocation and utilization process and conducting Timely SWOT analysis of budgeting in the public sector.

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APPENDECIS

Addis Ababa University
College of Business and Economics
Department of Public Administration and Development
Management

This questionnaire is designed to conduct the research title “Assessment of public budget allocation and utilization in Addis Ababa city administration “for the partial fulfilment of the requirement of MSc degree in Development Studies. The purpose questionnaire is to collect information from your organization related to budget preparation, allocation and utilization process and to suggest some recommendations based on the finding. The confidentiality and for anything you have answered on, is strongly kept and not used for other purposes. So, you are kindly invited to honestly fill the questionnaire.

Thank you in advance for your cooperation!

Questionnaire for the head, process owners and experts of Planning and budget, budget committee public sectors

PART I: General Background of respondents

Instructions:- Please circle on the relevant alternatives of your respective answers.

1. Sex: a) Male b) Female

2. Educational Level:
 a) Certificate and below c) 1st Degree
 b) Diploma d) 2nd Degree and Above
3. Work experience
 a) 0-5 years c) 11-15
 b) 6-10 years d) above 16 years
4. Position in the Sector a) Head of sector b) Process owner
 c) Budget planning and experts d) audit professional
 e) Budget committee.

PART II: Addis Ababa city administration Budget Allocation process in Public sectors with Reference to Budget preparation and Approval stage

Instructions: For each Practices listed below, Please tick your choice using mark ✓

Hint: 5=strongly agree, 4=agree, 3=Disagree 2= strongly disagree, 1=Neutral

<u>No</u>	<u>Question</u>	<u>Respondents</u>				
		<u>5</u>	<u>4</u>	<u>3</u>	<u>2</u>	<u>1</u>
<u>A</u> -	Budget preparation					
<u>1</u>	Each sectors really analyse and prepare their annual work plan based on government urgencies and their sectors mandate before budget request					
<u>2</u>	UFEDO seriously analyse each sectors previous and next year annual work plan					
<u>3</u>	The urban cabinet seriously analyse and approve the sectors plan					
<u>4</u>	Budget managers (sectors) present the actual fund needed(capital and` recurrent budget) by their program without exaggeration					
<u>5</u>	Once the resource envelope is set and the town receives their share, sectors` plan is considered in allocating the budget					
<u>6</u>	In reviewing the budget, the budget committee consults experts and utilize their knowledge					
<u>7</u>	The budget committee of the town analyse budget allocation in light of strategic/annual plan before providing for approval					
<u>B</u>	Approval stage					
<u>1</u>	Addis Ababa city administration council seriously debated analysing the allocation of budget before approval?					
<u>2</u>	The city administration councils have influence in setting budget priorities among different sectors					
<u>3</u>	the city administration council approves the budget on timely with no unnecessary Delay					

	<u>4</u>	The councils of the town analyse budget allocation in light of strategic/annual plan before providing for approval					
	<u>5</u>	The town council amends or adjusts the budget allocated to each sectors before approval					
	<u>6</u>	In review the budget the town council gathers opinion from different sectors and utilize their knowledge before budget approval					
	<u>7</u>	The city administration continuously analyses the budget variances with budgeted actual plans in the public sector.					

PART III: the Linkage between Public Sector's plan and Budget Allocation

Instructions. Please circle on the relevant alternatives of your respective answers and give explanation on the space provided where necessary.

1. Are you familiar with Government policies and fiscal planning?

- a) a) Yes b) Partially c) No
b) d) If any others please specify-----

2. Government policies and fiscal planning processes are

- a) Systematically linked to annual budget
b) Partially linked to annual budget
c) No systematically linkage between government policies, fiscal planning and annual budget
d) If any others please specify-----

3. Are government policies accessible and clearly articulated in each sector?

- a) Yes b) Partially c) No

4. Is the Medium term Expenditure Framework implemented in your sector?

- a) Yes b) No

5) Do you think that the strategic plan of your sector is practically operational?

- a) Yes b) Partially c) No

6). Do you think that the sector's annual budget request is truly linked with their annual work plans?

- a) Yes b) Partially c) No

7). If your answer for question number 6 is 'no', what is the extent of the gap?

- a) Very great b) Great c) Moderate d) Less

8). If budget request of public bodies doesn't strictly correspond to their programs, what Are the major reasons? (Circle)

- a) Lack of skilled manpower b) Low attention by head of public body
b) Lack of training d) All of the above
e) If any others please specify

9). as a civil servant, if you rank the problem of government budget allocation in public Sectors in the Addis Ababa city administration

- a) Extremely high b) High c) Middle d) Low

10. Do you think budget users keep unutilized budgets without being functional?

- a) Yes b) Partially c) No

Part IV. Level of Transparency in Budget Allocation Process in Addis Ababa city administration

Instructions. Please circle on the relevant alternatives of your respective answers

1. After the budget is approved is it publicized to the public in a transparent way?

- A. Yes B. No

2. Which type of mechanism used to disseminate budget information?

- A. Radio B. Newspaper C. Public conference
D. Billboard posters E. Brushers and pamphlets

3. Is budget information provided in an understandable way?

- A. Yes B. No

4. Is there clear information available at a time based on how the government budget is allocated to Public sectors?

- A. Yes B. No

Part V. Additional Questions

Instructions. Please give an explanation on the space provided.

1) What are the bottlenecks to carry out efficient budget allocation in Addis Ababa city?

Please list at most 5 (in order of importance)

- 1.....
- 2.....
- 3.....
- 4.....
- 5.....

2). If you have additional comment on the Government Budget Allocation in public Sectors in Addis Ababa city Administration, please Explain

- 1.....
- 2.....
- 3.....
- 4.....
- 5.....

Appendix 2: INTERVIEW SCHEDULE.

Interview Schedule Targeted at Addis Ababa city Budget Hearing Committee

A. Administration Detail

B. Local Government Budget Allocation in Public Sectors in city administration.

A. Budget Preparation

1. What are the steps you follow in budget allocation particularly budget preparation?
2. Do you have any criteria/standard used for budget allocation between sectors?
3. If your answer is yes for the above questions what criteria is used for allocating budget?
4. Do you believe that there is transparency in budget preparation to public sectors?
5. What are the main challenges to effective Budget preparation?
6. If you have additional comments please explain?

B. Budget Approval

1. Explain the process of budget approval by legislature?
2. Does the legislative properly discuss the over allocated budget among sectors?
3. How much time was taken to approve and implement the allocated budget to the town?
4. What are the key challenges to effective Budget Allocation?
5. If you have additional comments please explain?

C. the Link between Sector's plan and Budget allocation, utilization and other related interview

1. The existing processes of budget allocation system in public sectors, has linkage with Strategic and annual work Plan of the sectors? If not, what are the problems?
2. What is the mechanism the town uses, for prioritizing the problem?
3. Are there any areas that need immediate attention to focus about?
4. What can be done to improve government budget allocation to sectors?
5. If you have additional comments please explain?