

**FACTORS THAT AFFECT EDUCATIONAL
FINANCE UTILIZATION IN OROMIA REGIONAL
STATE:**

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ABBREVIATIONS AND ACRONYMS

BIS	Budget Information System
BOFED	Bureau of Finance and Economic Development
DSA	Decentralization Support Activity
EFY	Ethiopian Fiscal Year
ESDP	Education Sector Development Program
FDRE	Federal Democratic Republic of Ethiopia
GDP	Gross National Product
IMF	International Monetary Fund
JBRM	Joint Budget Review Mission
MOE	Ministry of Education
MOFED	Ministry of Finance and Economic Development
OEB	Oromia Education Bureau
PPBS	Planning Programming and Budgeting
PSCAP	Public Sector Capacity Building Program
SDC	Skill Development Center
TEI	Teacher Education Institute
TGE	Transitional Government of Ethiopia
TVET	Technical & Vocational Education
UNDP	United Nations Development Program
UNESCO	United Nations Educational, scientific and cultural organization
UNICEF	United Nations Children's Fund
WFEDO	Woreda Finance and Economic Development Office
WEO	Woreda Education Office

ABSTRACT

The major purpose of this study was to assess factors that affect Educational finance utilization in Oromia Regional State Education Bureau, with some selected woredas. In order to attain the objectives of the study; a descriptive survey method was employed. This study was carried using purposive and random sampling technique. Data were gathered through questionnaire, interview and document analysis and analyzed using percentage, weighted mean and ranking the frequency of responses. The findings of the study revealed that the degree of participation professionals in budget preparation was found to be low. In addition, the absence of accounting department within the education offices at woreda level highly affected the timely utilization of Educational finance.

Capital budget allocations at woreda level were insignificant and the recurrent budget allocated to woredas was underutilized due to lack of implementation capacity. Inflexible financial rules and regulations, lack of managerial capacity of WEO, poor system of record keeping and reporting and lack of qualified personnel at WEO were major factors that affected the educational finance at woreda level.

At Regional Education Bureau level, capital budget allocations were made based on political commitment that affects planned activities of the Bureau. Budget execution has practically been constrained due to lack of timely release of budget, high turnover and transfer of personnel handling finance operations. Furthermore, inadequacy of qualification, experience, training, poor organizational structure, inadequate financial decentralization, delay of purchasing, pre-conditions of budget release, poor record keeping and financial reporting were among the factors that affected the utilization of educational finance.

To alleviate these prevailing factors that affect educational budget preparation and its utilization, it is recommended that the WFEDO, with regional BOFED has to encourage the participation of educational professional in order to prepare reasonable budget, reviewing the existing accounting practices to make organizational structure adjustment particularly for large sectors like Education offices in woredas. Woredas have to improve capital budget allocation and building the capacity of WFEDO experts through training for better handling the operation of finance

For capital budget allocation that has been made based on political commitment, it is recommended that the Bureau has to review the capacity of budget before entering into commitment and also find other alternative resources. The Bureau should encourage professionals to participate in budget preparation and develop incentive mechanism to maintain personnel undertaking financial operations. In addition the Bureau has to make periodic financial performance evaluation for better performance.

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CHAPTER ONE

1. The Problem and its Approach

1.1 Background of the Study

Education is considered as a base to support other social and economic sectors in poverty reduction schemes. Therefore, a major means to measure the extent to which a country has committed itself to education can be observed from analysis of how much of the national financial resources are allocated to the sector. Not only the allocation of budget, but also the proportion of the allocated budget that actually reaches the grass -root level is also an indicator of the concern of governments.

On top of these, the underlying measurement is the proper utilization of educational finance at this level in order to provide quality education, expand access and maintain equity. It is through these mechanisms that the global educational goals of UPE can be attained by 2015.

Ethiopia has been implementing the education sector development program (ESDP) in order to attain the education and training goals set in the government policy since the year 1997 through mobilization of the national and international resources. Accordingly, the Government internal budget allocation, including external loans and assistance, to the education sector has increased over the last few years. Thus, different sources indicate that the Government expenditure on education has become more than double between the years 2000 and 2005. For instance, according to the official document of the years 2004/5 the expenditure was about 4,638.89 million; out of which 56% of the expenditure was allocated to the regional state governments (Educational statistics Annual Abstract 2004/5). In addition to this budget, although difficult to get an exact figure, community contribution is also another important source for financing education.

Oromia is the largest of the nine National regional states in the Federal Democratic Republic of Ethiopia. It borders with Afar and Amhara regions in the north, Somali region in the east, Kenya

in south, the Southern Nations and Nationalities and peoples and the Gambella region in the south, and Beneshangul-Gumuz region and the Sudan in the west. Based on the 1994 population and housing census the estimated area of the region is about 353,690kms² and accounts for almost 32% of the total areas of the country. Currently, the region is divided into 19 zones. It has 253 rural woredas and 31 urban special woredas. Since the year 2002 decentralization has become operational at all administrative levels of the region (Oromia National Regional State ESDP III 2005/6-2009/10).

In the year 2006, the Central Statistics Authority projection indicated that the total population of the region was 25, 817,126 of which 12, 882,820 males and 12,934,306 females. Of these total population 12.3% is living in the urban areas where as 87.7 % is estimated to live in the rural areas. On the other hand, school age children account of 20% of the total population. Out of the c population 87.5% were enrolled in schools in the year 2004/05(MOE, Educational Statistics Annual Abstract 2004/05). This indicates the presence of large number children demanding for education services, which in turn asks for an increased mobilization of financial resources.

In Oromia, Regional state annual budget education sector is prepared in two different ways. The first is prepared at regional Education Bureau level. Thus, the bureau prepares annual budget for 17 zonal education offices, six TEI colleges, three TVET colleges, five educational media stations, one hundred preparatory schools, thirty-two SDC (Skill Development Center) and for one special needs school. Secondly, budget is transferred to woredas in a block grant form through the Oromia Finance and Economic Development Bureau. This financial allocation uses the national budget distribution patterns to share educational budget for woredas.

The national formula to allocate budget for regions includes three basic criteria. These are population size, development indices, and the efforts of the region to increase revenue. In a similar way, the Oromia regional government also transfers financial resources to Woredas, as block grant based on the same formula. Woredas are, therefore, the most important strata where

decentralized financial management takes place. However, the fundamental problem of most of the woredas is how to allocate finance based on the directives and rules set by the government and utilize it accordingly.

With regard to problems, encountered the financial resource utilization, and its implementation, it was reported in the education sector development II (ESDP II) that the implementation of education sector development I (ESDPI) was inadequate. This inadequacy reflected in failure to provide timely and correct reports about the implementation of educational projects.

In addition, the information flow from region to federal government and then to donors was weak. This caused the withdrawal of donor's commitment to finance education sector development (MOE; 1999:16). On the other hand; among the potential reasons of decentralization is to enhance flexibility to the local needs to promote local initiative to reduce administrative & financial burden of education and ensure proper utilization of education finance.

1.2 Statement of the problem

Investigation into the process of budget allocation in Ethiopia showed that the work is based on several proclamations that define the power and provisions to federal, regional and woreda levels. Accordingly, the Oromia regional state allocates substantial amount of budget to the education sector as it is indicated in different year's annual budget proclamations.

However each allocated budget shows either deficit or underutilization indicating the improper financial management in the system. These underutilization or deficit in allocated education budget might be attributed to lack of professional capacity, experience and qualified employees in this area.

On the other hand, the current fiscal decentralization processes and block grant budget allocation to woredas enabled the lower administrative hierarchy to make budget allocation and financial

decisions within their jurisdictions. On the contrary, one cannot be sure whether the different education financial sources are fully decentralized to the grass root level, as the government and the community have desired it. Moreover, the woredas have limited capacity in terms of human and material resources to prepare their own budget in accordance with education programs.

In addition, the scarce resources allocated to the education sector in the region should be effectively and efficiently utilized throughout the administrative hierarchy from region down to woredas to attain the desired education objectives. Based on the financial rules, legislative and directives set by the government. Thus, proper utilization of educational finance contributes to enhance equity, improve the quality of education, and increase relevance and access particularly for basic primary education through proper use of national and international sources.

However, from the day to day activity of the financial utilization and reporting mechanism in the region, it is observed that the region does not have adequate control and proper, efficient and effective utilization of financial resources secured from different sources. Therefore, in light of these inadequacies the study tries to answer the following basic questions.

1. What process and criteria are used for educational budget allocation, and to what extent do educational professionals participate in this process?
2. What are the factors that contribute to poor utilization of educational financial resource?
3. To what extent the professional capacity, experiences and qualifications of finance and procurement personnel are adequate to administer educational budget?
4. How adequate do the existing financial rules, regulations and directives to facilitate the utilization of educational financial resources?
5. To what extent does the educational financial performance evaluation is made in the region?

1.3 Objectives of the Study

The general objective of this study was to assess the factors that affect educational finance in Oromia Regional state Education bureau and some selected woredas. In view of the above research questions the specific objectives of the study were to:

1. To assess the level of involvement of educational professionals in annual budget preparation both at regional and woreda level.
2. To examine the extent to which the existing accounting practices facilitate budget preparation and execution at woreda and regional level.
3. To assess the level of technical assistance provided by woreda finance and economic devolvement to education offices and major constraints related to budget execution.
4. To explore the total budget allocation and the share of education and the extent of budget inadequacy in the implementing of educational operations.
5. To identify the factors that hindered educational budget utilization both at the regional and woreda level.
6. To assess the professional capacity training opportunity to finance personnel and other related problems in the operations.

1.4 Significance of the Study

The study is useful to assess the factors that contribute to poor utilization of educational budget in Oromia Regional state. In addition, examining inefficiency of financial operations and major constraints that inhibited efficient utilization of resources is important to decision makers to review the existing practices of inefficiency for better operations.

Furthermore, it is helpful to decision makers to take corrective measures both at the regional and woreda levels to improve the implementation and proper execution of allocated educational resources.

The study is significant for the following specific reasons.

- a. This study raises the level of awareness regarding these factors that hinder efficient utilization.

- b. It would provide suggestions to alleviate those problems.
- c. The study would be used as clue for others to conduct further detailed research in this area.

1.5 Delimitations of the Study

This study was delimited to the factors that affect educational finance in Oromia regional state education bureau and ten selected woredas. The study was focused on educational budget preparation to its implementation and major factors that hinder the execution of approved budget.

The sources of finance to the Oromia regional state education sector are loan, grant/assistance/, community contribution and the government treasury. However, the study was delimited to the government sources of finance only. In addition, at regional BOFED and woreda finance and economic development offices the study delimited to the personnel working as budget and disbursement experts.

1.6 Limitation of the study

This study was conducted in the widest region of the country, which has about 19 zones and 284 woredas. Out of these the study was limited only to 10 woredas and the Regional Education Bureau of the Region. Thus, had it comprised more woredas it could have been easy to drive comprehensive conclusion. Moreover, the woredas under study were selected randomly. They were selected according to the proximity to the researcher therefore; the study could have been more complete if the woredas were selected systematically from the different geographic locations of the Region

1.7. The Research Design and Methodology

1.7.1. Research Methodology

The research methodology was descriptive survey. This method was found important to gather information about the current practices of educational budget allocation and the factors that affect the utilization of this allocated budget in Oromia regional state education bureau and some selected woredas of the region.

Furthermore, this method would help to describe the current status of educational budget in the region down to woredas and constraints encountered in the processes of the implementation of the allocated budget.

1.7.2. Sources of Data

The data were collected from various sources. The sources of data were the information obtained through direct contact with the respondents guided by the interview. The other sources of the data were information gathered through questionnaire and document analysis.

Accordingly the sources of data were collected from regional education bureau, woreda education offices, woreda finance and economic development offices of the selected woredas through questionnaire. The respondents were educational managers; financial managers, planning experts, educational experts, auditors, accountants and budget experts at both administrative levels were involved. To obtain additional information documents were also analyzed.

1.7.3. Sampling Techniques and the sample size

Purposive research technique was used in selecting the subjects of the study at Regional and random sampling technique at woreda level. This technique was employed because it enables the researcher to select respondents who can provide information from their experience about the subject under study. Sample woredas were also selected based on this technique. This is because the system of budget allocation, the financial rules and regulations that govern the execution of the allocated budget is the same wherever one goes.

The sample size of the study was 10 woredas, both education and finance and economic development offices and the regional education bureau. Accordingly the numbers of respondents were 50 from woreda education offices, 60 from woreda finance and economic development offices and 53 from the regional education bureau were involved. Therefore, the total subjects included in the study were 163.

1.7.4. Procedures, Data gathering instruments

1.7.4.1. Procedures

In order to get acquaintance with the subject under study, first relevant literature was reviewed to investigate what has so far been done in relation to educational finance. Second, an assessment of budget proclamation documents accounting records, and reports were made to obtain relevant figure. Third data gathering tools were developed and then tested to recheck the appropriateness of the instruments. Fourth, after improving the instruments on the basis of pilot test results, administration of the instruments were done and gradually analysis of the collected data was made using statistical tools such as percentage, weighted mean average, and ranking the frequency of responses.

1.7.4.2. Data Gathering Instruments

Closed and open-ended questionnaire were used to collect relevant information that assisted the study. At regional education bureau level and selected woreda education, finance and economic development offices the questionnaire were used. The questionnaire was prepared in English and then translated into Afan Oromo to suit the respondents.

In addition, interviews were employed to obtain available information from regional BOFED on the subject understudy. Documents were also referred to get relevant information about the subject understudy.

1.7.4.3. Pilot Test

To improve the questionnaire item before distrusting pilot test were made at regional education bureau with both educational experts and supporting staff. A draft questionnaire was first administered at the bureau, which was not included in the final research. Some unclear statements were then corrected based on the results of the test for final administration.

1.7.5. Data Analysis

Based on the nature of the problem under study and the information obtained through questionnaire and do document review various statistical tools were employed in this data analysis and interpretation. Weighted mean score percentages and raking order of frequencies of responses were used to analyze the basic data collected for the study. In addition the data analysis included responses gathered through review of document and interview made with regional finance and economic development bureau.

1.8 Organization of the Study

The study was divided into four chapters. The first chapter deals with the problem, its approach and the research methods employed in the study. Chapter two presents the review of the related literature. The third chapter deals with presentation, analysis and interpretation of the data. Chapter four contains summary, conclusion and recommendations. Furthermore, bibliography, questionnaires and interview guide are attached as annex at the end of the paper.

1.9 Operational definition of Terms

- Administrative Level** An executive organ established at Regional, Zonal, District or Kebele level (MEGELETA OROMIA No.87/2004).
- Allocation** Assigning one or more items of cost or revenue to one or more segments of an organization according to benefit received responsibilities or other logical measure of use. (Rosenberg, 1983)
- Budget** An estimate of proposed expenditure for a given period or purpose and the proposed means of financing them (Good 1973:72)
- Budgeting** The process of determining and assigning the resources required to reach objectives. (Rosenberg, 1983)
- Capital Budget** Budget that itemizes expenditures to be used for building for purchasing capital goods; and which identifies the resource of the funds required to meet the expenditure. (Rosenberg, 1983)
- Capital Expenditures** Expenditure for other than operating or expense account (Good, 1973:226)
- Expenditure** An actual payment or the creation of an obligation to make a future payment for some benefit or service received. (Rosenberg, 1983,)
- Financial Reporting** Periodic reporting on the financing position of an organization or part of one items of operating results; activities, and financial transactions. (Rosenberg, 1983)
- Project** A project is a set of investment and or other planned activities, which are aimed of achieving specific objective with in a determined time frame and budget (Magnen, 1991:14)

CHAPTER TWO

2. Review of the Related Literature

2.1 Source of Finance for Education

2.1.1 Government Sources

The education system like all economic and social sectors requires finance in order to achieve its objectives. The attainment of these objectives is an important factor in order to exist as a system and to command scarce resources whether it is from public or private resources.

Finance for the education system comes from different sources. The major ones are from public or government and private sources. The funds derived from these two sources are called public funds and private funds respectively. It has been noted that the public fund for the education system varies according to the structure of the government of a certain country. Based on this fact the education system can be fully financed by a single level of government (central, regional or local) or by a combination of two or more of these government levels (Melaku 2001:13).

In the modern structure of education, the government plays an important role in financing the educational activities. The government uses a wide range of programs to fund different educational levels. This motivation for increased government role in financing education has been a concern about equity. With regard to education fund, which enhances the equalization effort in the United States, there are three general types of aid programs. These are flat grant; equalization grant and full state grant which are given to districts irrespective of the size of a certain district and its ability to pay for education (Monk, et.al. 2001:28).

The other form of grant is the equalization grant which is classified into foundation grant and district power equalization. Foundation grant is a system by which a specified minimum level of

fund is allocated for every student whereas district power is based on the power of local spending to education. Thus, the government grant for education to meet the definition of equity requires equal spending through out the system. But neither foundation grant nor distinct power allows reaching this goal. Instead it demands direct state involvement through a full funding system.

As it is indicated above, depending on the structure of the government the type of grants could be fully central, fully regional, fully local or combination of the three government levels. In full central funding system, ensuring grant to education, the central authorities generate revenue and allocate educational funds to regions through controlling the total regional budget. This is similar to the current budget allocation system in Ethiopia.

The full regional funding system of educational financing is centralized at regional level. In this system of funding the regional state may generate all educational revenues. Under highly centralized structure, the regions control all actual expenditures whereas under loose centralized structure the region determines the local educational budget and allows the local authorities to complete spending. Local governments sometimes have taxing authority and sufficient fiscal base to fund local educational needs. But such system of funding is difficult in developing countries where the revenue generating capacity considerably varies from one country to another. “Combination of central, regional and local funding of education is also possible under combined founding plan in which each government level might fund certain segments of the education system. Under such funding system central sources might fund capital costs and regional and local governments may cover recurrent costs” (Melaku 2001: 14).

2.1.2 External Source of Education Finance

In addition to the central, regional or local government financing, which is the domestic source, external sources also play an important role in providing resource for education. These sources may take the form of assistance, aid or loan. The term aid is often used to mean not only assistance but also certain types of loans both financial and aid in kind. Loans of the conventional type to the poor countries with limited development servicing potential are risky ventures, which often encounter massive defaults (Shemelis 2000: 36-37). This is because the opportunity cost of capital foregone on the part of the lenders is a form of subsidy since most of these loans bear nominal interest rates. But loans from bilateral and multilateral banks such as the World Bank, African Development Bank and private commercial banks are non-convectional loans.

2.1.2.1. Aid

Financial or material aid to education particularly for developing countries plays a significant role for expanding education. To maintaining the quality of education, minimizing disparities among different geographical areas and gender additional aid sources are required. Developing countries secured 8.6 percent of GDP annually in official development assistance between the years 1981 and 1990 as it was reported by (Boone, 1994 in Shimelis, 2000).

The figure mentioned above was even higher for Sub-Saharan African countries, which encompasses 11 percent of the population of the world's developing countries. These countries received 22 percent of the international aid to the developing world in the early 1980s. In this sub-region according to Shimelis the annual per habitant allotment of aid was about \$19 compared to \$8 per habitant in other developing countries. Multilateral and bilateral agencies serve as the sources of such aid to the developing countries.

As it was indicated multilateral agencies accounted about two thirds, which was US \$120 Million whereas bilateral agencies and other non -government organization accounted for the remaining one third of international aid US \$ 60 million to primary education. Thus, foreign donors are becoming increasingly involved in education development projects in developing countries. For example, in central Asia the large-scale projects on restructuring of the education administrations at the central level are implemented by the Asian Development Bank in co-operation with UNDP in Mongolia and Kazakhstan (UNESCO.1996: 9).

Accordingly a number of sectoral projects were aided by German agencies. UNDP also launched in 1995 a series of human development projects, which provided a well-documented review of the education and training sectors in these countries in school based management at grass root level. The multilateral donor activities in education are most visible in Mongolia, Kyrgyz Stan and Kazakhstan. But donor assistance soon vanished because they were selective in their projects and they exercised their own priorities in this case. Therefore, self-sufficiency and local funds are more important than foreign aid.

The financing of education in the world is unequally distributed among the consumer of education services because of the variation in the economic development of countries. Therefore, many countries of the world set aside a small proportion of their resource to finance education. According to UNESCO report public expenditure to education in these countries is less than 100 billion dollars or 5 percent of the worlds' gross national product.

Enrollment nowadays is increasing, whereas education expenditures are unequally distributed through out the world. Developed countries are responsible for 55 percent of public expenditure

on education but these countries have 26 percent for the school aged children and 16 percent of these children are under the age of 15 (UNESCO. 1996: 34).

The difference in the allocation of expenditure is the reflection of the unequal distribution of wealth throughout the world. But the financial investment on education is relatively greater in developed countries. For example, the financial investment in education in 1990 was 5.2 percent for developed countries, whereas for the developing countries it was 4 percent of the gross national product.

The development of the education systems and what the system needs for its development is by far different at this time. This is because on one hand there is a change in number of population, which increased enrollment of additional students, and on the other hand there is a limited quantity of resource available to developing countries, which calls for additional aid of resources. Therefore the education system in many developing countries needs additional resources and. Otherwise, the system will be affected by inadequate funding.

2.1.2.2. Loans

Loan is another important source of educational finance particularly in developing countries. “Even though the impact of loan is highly questionable today, about some 20 African countries and more than two-thirds of all developing countries have taken loan from IMF for foreign exchange requirement “(Sayal, 1992:3 in Shemelis 2000. 3: 40).

The IMF support programs related to countries stabilization effort, and the World Bank funds programs aimed at changing the structures of incentives in the economy. These loans are conditional, and depend on the countries acceptance of the adjustment policies to correct financial imbalances and the foundation for the renewed growth. But, a number of criticisms have been directed at these institutions especially the World Bank, the way they secure loans. The

World Bank allegedly seeks 'bankable' projects and largely ignores the rest; through its impact on policy for exceeded support of projects (Shemelis 2000:.41).

Most African governments particularly during the first decade of independence heavily depended on bilateral and multilateral loans. The larger parts of these loans were from their former colonial governors. . But "it soon became clear that this source was rather a marginal and unreliable means of financing" (Forajjala, 1993: 354). This was true because of the economic burden arising from the need to repay the loans in foreign exchange and the political conditions attached to loans. Moreover, the government could be using up its limited borrowing capacity on education in the expense of other economic and social sectors it argued that non-revenue producing project or social sectors should not be financed through loan or foreign aid.

2.1.2.3 Private Financing of Education

Even though the larger share of education finance sources in many African countries is from the government source; education expenditure would be from the community. A considerable amount of education expenditure depending on the relative importance of education and the running of education institution in a particular country is obtained based on the interest and desire of the community.

Wherever they operate private institutions provide some of the expenditure for the education offered in the country. In light of the wide range of the financing of private institutions their interest varies from voluntary agencies such as churches and other non-profit making institutions with strong social motivation to pure profit making bodies or individuals. But when it is viewed purely in terms of education finance the financial yield of private education would be the cost of providing an equivalent amount of public education.

Thus, private education is substitute for public education in that it relieves the public sector of financial burden, which can be measured in terms of what it would cost to convert the private institutions into public ones and to support entirely the future growth in government schools.” the level of funding is necessary to accelerate at the required speed to achieve the objectives of expanding the education systems and improving the quality of education “Thus, it is likely to be beyond the financial ability of many governments to increase the quality of education only through budgetary allocation (Baum 1985: 120).

Governments develop different strategies for generating other financial resources and improving the efficiency of the system. Education is heavily subsidized in developing countries. However, it is difficult to compare the optimum mix of public and private financing in this sector. But some scope for readjusting the balance between the two generally exists.

As the research of the World Bank indicates the upper income families are likely to benefit from education subsidies to a greater extent than the poorer ones particularly at secondary and higher level of education. Thus, considerable amount of education expenditure is attributed to private individuals without considering the equity objective of financing education. One strategy to achieve this objective is the introduction on cost recovery mechanism through a system of fees or charges for service or student loan (Baum 1995:27).

The other approach in achieving private financing to education is through encouraging the number of private schools in the provision of vocational training in meeting the cost of training in public facilities and community contribution. But these approaches are not novel method of financing of education because introducing or raising fees may be impractical for some political purposes and collecting fees and loans require an additional administrative burden.

In addition to fees and loans as private financing source for education some voluntary individuals contribute to finance education. For example, the former South African President Nelson Mandela launched a new funding campaign to help educate millions of African children who became orphaned by AIDS. Mandela, who is also leading a world wide campaign to raise money to fight AIDS, said in a taped message to media briefing in Cape town, "No child in Africa and, in fact, any where in the world should be denied education "(The Daily Monitor, Tuesday, 7,2004). Thus, private financing to education can be from community as fees and loans. And it can also be from institutions like churches mosques and other charity organization and committed individuals understanding the need of finance to meet the objectives of education.

2.2. Financial Management in Education

2.2.1. Rationale for Educational Financial Management

The need for equitable distribution of educational resources to correct urban and rural disparities, to expand the educational opportunity to every school aged children, to maintain the quality of education, to cope with rapidly increasing enrollment and declining of educational budgets in some countries necessitate the Optimal utilization of educational finance so as to avoid wastage and under utilization of already scarce resources (Mbamba 1992:346).

One of the challenges that every educational managers face in developing countries including the African continent; is meeting the constantly increasing social demand for education. The continuous growth of enrollment, though it is not adequate, calls for more supply of human, material and financial resources. In order to accommodate an ever-increasing school age population new schools have to be built and the existing ones have to be expanded and repaired.

These schools require constant supply of additional furniture, teaching staff and non-teaching staff.

The increasing of relevancy of education to society's expectation and the political aspiration of the government requires technological equipments, which in turn require additional resources. The introduction and implementation of new educational reforms require new programmers and strategies of inducing these reforms require new teaching and leaning approaches, which in turn need new educational technologies facilities and instructional material in the education system. The extent by which these complex educational tasks are achieved depends on the skill, knowledge and ability of educational managers at all levels in mobilizing adequate financial resources and wise utilization of the already limited educational budgets (Mbamba, 1992:347).

Many activities in the education system require additional fund. The decision that educational managers take in order to enhance these activities require resource in one or the other way. "It's the responsibility of the managing body of the system to maintain an appropriate balance between the limited financial resource and the need of society" (Helfer 1991:331).

Managers accomplish these responsibilities through appropriate educational planning. Planning, obviously, helps to counteract the need of the society in the process of using scarce resources. It is a national approach in the process of resources mobilization and optimum utilization. It allows a chance for accommodation of changes in the education system. Therefore, it is important to plan for effective and efficient utilization to meet the objective of the organization. The principle of financial management as other management disciplines apply the general principles of planning, organizing, directing, coordinating and controlling money so as to secure the optimum achievement of objectives (Mbamba 1992:349).

In the planning process educational managers forecast the probable future events and risks for meeting the objective of the education system. In organizing educational managers, arrange the available resources systematically in order to carry out activities with the minimum cost in terms of money and effort. Through controlling managers check whether all these activities are going on according to plan.

Nowadays, schools are considered as business enterprises even if their motive is not for profit making. The school system should mobilize scarce resources to attain stated objectives and satisfy the educational needs of students and the community. Among the scarce resources that the school system mobilizes is finance. Therefore, expansion of education and maintaining the required quality in schools are greatly influenced by the amount of finance available to education and the way these available financial resources are effectively and efficiently managed.

2.2.2 Practices of Financial Management

Educational institutions have to manage their financial resources, as in business organizations and their counterpart public organizations. Business organizations use management accounting and management control for providing information for managers in planning and control of the organizations activities. Since the objective of business organizations is to make profit information is highly required to stay in the business.

Accounting reports in the business organizations serve for providing information to plan and control the business activities. Users outside the organization like creditors and shareholders also need the information from the accounting report of business organization. Public organizations, including educational institutions, use accounting information for legal requirements to report the financial activities and the use of the sources to the government or to the public body.

Levacic (1989) noted that educational expenditures according to the 1988 educational act of local educational authorities in England were required for the elected parliament members. The accounts of expenditures were published in the public funds of schools and colleges. The instructional budgets of local authorities were used for planning and educational provision. Accordingly, the main focus of financial management in educational institutions is concerned with the tasks of planning and controlling. Managers according to the educational act of 1988 in England are accountable for educational resources allocated to them. School and college managers need awareness of financial matters in order to play the required role in setting the broad objective and related detailed operational activities. Thus, financial management in education is an important part of the managerial activities and it embraces more than managing money.

2.2.3 Decision Making in Financial Management

The financial management has sequential stages in order to make appropriate decisions on financial resources. The first stage in the process of financial management is securing or the acquisition of resources. The major source of educational finance is the budget share or an annual appropriation allocated to the school system. The budget amount is directly related to the number of students.

The second stage in making financial decisions is the allocating of the acquired budget. The allocation of the budget depends on the capacity of the educational institutions to make use of it. A basic budget plan shows the amount that is expected to spend on each individual budget heads.

The budget head is given on the basis of the activities of the education system such as teaching non- teaching staff and other educational materials.

The other aspect of financial management processes is putting it into practice the allocated and itemized budget heads i.e. the budget plans into operation. This important process encompasses

managerial activities like staffing, timing and procuring supplies. It requires monitoring the budget regularly through out the year in order to compare the budgeted amount with the actual expenditure and evaluating the budget.

It is clear that management itself is a series of cyclical activities that have to be under taken throughout the year in the organization. Financial management is apart of managerial activities, which involves financial resources. Every educational manager is responsible for identifying financial problems and analyzing the alternative courses of action available to educational institution.

Mamba (1992) indicated that, the financial manager normally has the responsibility of the implementation of management decisions as well as the administration of the day-to-day financial transactions. His administrative duties include primarily the supervision of cash flows. He is often a part of top management and as such he is involved in the major decisions of the organization. Financial management is, therefore, the operation whereby an organization ensures that available funds are used for the achievement of its objectives. In this context the coordination and control of the expenditure of the funds available as an appropriation and spent within a given time period in the organization are part of the management process, of course, there may be variations between the systems and the rules theoretically set and the actual practice.

2.2.4 Decentralization of Educational Financial Management

A change in the government structure from highly centralized system of government to federal and regional structure necessitates the decentralization of financial management. Educational financial management is one of the management disciplines to be decentralized in order to meet the objective of educational decentralization. This process of decentralization is inevitable in countries undertaking decentralization.

Countries which started to decentralize the financing and engagement of their education system, revealed the importance of adequate management skills for regional and local administrators. In contrast, in Asia and Mongolia there was a gap between the central and regional level of education, the central government finding difficult to know what really going on in the system .There is high need to improve the educational management and statistical information systems and the channels of communication between different levels of educational administration (UNESCO 1996:5). Thus, decentralization is meant for educational improvement, administration efficiency, political goals and its effect on equity.

Fiske (1996) noted that other stated objective of decentralization is to generate additional revenues for the system as a whole by taking advantage of local sources of taxation and to reduce operation costs. For example, Argentina provides an example of shifting of financial responsibility away from the central government and local bodies followed by an increase in total spending on education. At the time, government spending on education in Mexico declined following decentralization.

The decentralization of education administration to the regions and local status at district level in some countries retain financial control over a small portion of education budget allocated for higher, special secondary, teacher training, non -formal education and boarding schools for handicapped etc. For example, the share of public education budget controlled by central ministries of education in Mongolia varies from 10.2 percent to some 27 percent in Kazakhstan. ““One problem in financial decentralization, as it is observed, is that spending decisions may be more on other social and economic sectors other than education by local authorities”(UNCECO 1996:9).

2.3 Budgeting

2.3.1. Definition of Budgeting

According to Mabmaba, (1992) budgeting is a planning procedure involving the costing of all activities .A government budget is a statement of development and recurrent accounts (votes and codes) indicating priorities of the country through the allocation of funds to ministries for a given fiscal year. It is comprehensive and covers all financial transactions in government in terms of planned sources and of revenue and expenditure for the next fiscal year. A budget is a quantitative expression for a specific period of a proposed plan of the institution.” A budget can be expressed in terms of money or quantity or both. Budget covering financial aspects, quantities, the institution’s expectations, regarding expenses in relation to the plans and that follows in the upcoming period” (Nebiyu 1999:153).

In many ways, the annual budget is the central component of management accounting in public sector organizations. It is a reflection of the environment in which public service organizations operate within the emphasis on the short term, particularly, the fiscal year. In this sense, the

annual budget becomes the dominant management tool for planning, coordinating, organizing, and controlling activities. From the definition it is understood that budgeting is the other aspects of planning and controlling process. Thus, the benefit of budgeting is judged in relation to convenience for planning process.

Forojala (1993) indicated the details at both the national and lower levels of government such as region, state or local governments. Hence, as educational planning is primarily concerned with formulating education for action the budget plays an important role in planning, programming and controlling education costs during the plan period. Thus, a draft plan is a blue print for action and the budget is basically operational in nature. This, therefore, requires that it should be devised in such a way that it highlights the truly operational characteristics both physical and financial for a given program.

It is true that budget represents the financial expression of formal plans. With successful planning successful budgeting can also be achieved which in turn implies the objective of the budget and the means of attaining it. The complexity and the detail of any budget should be a function of the size of the organization and the position of the particular budget within the organization. Budgeting indicates a structure of responsibility center within a given organization, which is accountable for specific level within the total budgetary process.

2.3.2. Approaches to Budgeting

2.3.2.1. Program Budgeting

This approach of budgeting is a national approach that involves evaluating of alternative activities, which are directed at fulfilling school objectives. Because of its relation to the objective of the organizations it is named as objective budgeting. According to Levacic (1995) the objectives are converted into programs of activities, which form the key units of analysis. Due to this, objective budgeting is also known as program budgeting.

In the school system, programs are the major areas of study, for example, the subject areas and other activities. The cost of the programs can be recorded by estimating the quantities of each type of input multiplied by the price of the unit. Thus, program budgeting focuses on programs.

2.3.2.2. Subjective Budgeting

This approach of budgeting focuses on the subjective of expenditure, which does not consider programs at all. From the practical point of view the school budgets are expressed in terms of expenditure such as teaching staff, non-teaching staff, books materials, and equipment. The accounting practice for subject expenditure is also designed to record based on subjects and not on programs. The financial records need to be structured in terms of the planned, committed and the actual payments for inputs.

The accounting record in subjective budgeting serves to know the cost of individual program and supports organizational planning by providing management information. In practice, school accounts are arranged according to subject of expenditure so as to give information to financial accounting.

2.3.2.3. Zero Base Budgeting

In this approach of budgeting, every area of expenditure is examined by asking whether it is justified. Each expenditure area is evaluated and then, the organizations or units prioritized objectives and ranked in order of importance. According to zero bases budgeting, those areas that can be afforded within the budget are funded. The advantage of such budgeting approach is that it promotes change and the optimal utilization of resources. It has a disadvantage in that it is time consuming.

Zero bases budgeting has in its correct context referred to general management tool that companies can use to improve planning, budgeting and operational decision making. In zero base budgetary systems managers re-asses their operation from the ground up and justify every dollar spent in terms of current operating goals, instead of staying within the same budgetary structure year after year, they make major allocation of resources from one year to the next year. (Phyrr, 1976 in Forojala, 1992:327).

2.3.2.4 Incremental Budgeting

This approach of budgeting is the more popular type, which involves minor change and adjustments to the budget each year. In this approach the previous budget becomes the basis for the next year's budget increment; taking into consideration inflationary condition allowance is made on the budget.

This process of increasing on the basis of the last year budget requires less information than zero bases budgeting approach, minor adjustment is made on the previous year amount. It has also got

its own advantage in that, the efficiency and effectiveness in resource use neither decreased nor promoted because of its adherence to past way of resource allocation.

Levavic indicated that schools are attracted to incremental budgeting because the bulk of the schools maintenance tasks continue unchanged from year to year. On this basis over 80 percent of schools budget is spent on staff.

2.3.3. Types of Budgetary Expenditure

2.3.3.1. Recurrent Expenditure

Recurrent expenditure on education comprises the largest share of educational finance. on average 80 percent of the total educational outlays is expended on recurrent expenditure This expenditure on education is growing from year to year and forms a large proportion of total government expenditure. This is high correlation between government expenditure and recurrent educational spending. In these sense the share of recurrent expenditure out of the total government expenditure is high. For example, in Kenya recurrent expenditure was 19.4 percent and 18.1 percent out of the total government expenditure during the years 1970s, and 1979 consecutively (Forojala 1993: 347).

These recurrent expenditures include administration staff, salaries of teachers, and additional benefits paid to teachers, teaching materials directly related to educational activities as purpose of text books, and other supplies. When we consider the recurrent expenditure on education according to its purpose, teachers' salaries consume the largest proportion of government recurrent expenditure.

2.3.3.2. Capital Expenditure

In contrast to recurrent expenditure of education capital expenditure forms a small proportion of the total educational outlay. Capital expenditure, once incurred provides services more than one budgetary year of the capital goods obtained. Capital goods used in education include school and administration building, furniture, computers, photocopiers, vehicles and the like.

Thus, the money allocated to purchase these capital goods is capital budget. According to Oromia regional state financial administration proclamation No 17/1997 “capital expenditure” means an outlay for the acquisition of or improvements to fixed assets, and includes expenditures made for consultancy services.

The life span of capital goods is longer than one year. For example, school buildings can last for about 50 years period. Other educational furniture like computers, teaching equipment, and the like may last 10 to 15 years. These durable capital goods depreciate over a longer period of time. The value of capital goods spread over their lifetimes. The loss of value of capital goods arising from usage, technological or market obsolescence can be calculated on the basis of the good’s original cost (Nebiyu1999: 210).

CHAPTER THREE

3. PRESENTATIONS, ANALYSIS AND INTERPRETATION OF THE DATA

This chapter comprises two major parts. Part one presents the characteristics of the sample population involved in the study; which includes personal and professional characteristics. The second part deals with the analysis of the findings of the study.

3.1. Characteristics of the Study Population

In order to fully understand the factors that affect the educational budget preparation and its utilization in the Oromia National Regional State Education Bureau down to woredas four categories of respondents were involved in this study.

These were woreda education office heads and experts, woreda finance and economic development heads and experts of selected sample woredas. At Regional level education bureau heads, department /section/ heads and experts and regional finance and economic development bureau department heads and experts working on budget preparation and disbursement activities were dealt, with interviews. The selection was made based on the relevance of respondent to the subject under study.

Accordingly, 163 copies of the questionnaire were prepared and distributed to the respondents to be filled and returned. However, for different reasons it was only 86.5 percent (141) of the questionnaire were filled and returned. Out of these woreda education offices comprise 25.77 percent (42); woreda finance and economic development offices comprise 32.51 percent (53); and the Regional Education Bureau comprises 28.22 percent (46) in number.

Table 1: Sex and Age Ranges of Respondents

<i>No.</i>	<i>Administrative Level</i>	<i>Sex</i>					<i>Age</i>								
		<i>M</i>		<i>F</i>		<i>Total</i>	20-34		31-40		41-50		Above 50		<i>Total</i>
		<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>		<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>	
1	Woreda Education Office	41	97.6	1	2.4	42	8	19	20	48	14	33	-	-	42
2	Woreda Finance and Economic Development Office	47	89	6	11	53	11	21	25	47	17	32	-	-	53
3	Regional Education Bureau	41	89	5	11	46	5	11	19	41	21	46	1	2	46
	Total	129	91.8	12	8.2	141	24	17	64	45	52	37	1	1	141

As indicated above in table 1, out of the total number of respondents 91.8 percent were male and the rest 8.2 percent of them were female. The data on age structure shows that out of the total respondents 45 per cent were between 31 and 40 years of age, 37 per cent were between 41 and 50 years of age, 17 per cent were between the age range of 20 and 30 years, and only one percent of the respondents were above 50 years.

Table 2: Educational Level of Respondents

<i>No.</i>	<i>Administrative Level</i>	<i>Educational Level</i>												
		<i>M.A/M.SC</i>		<i>B.A/B.SC</i>		<i>Diploma</i>		<i>Certificate</i>		<i>12th 10th Complete</i>		<i>Un specified</i>		<i>Total</i>
		<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>	
1	Woreda Education Office	-	-	6	14.3	18	42.9	15	35.7	3	7.1	-	-	42
2	Woreda Finance and Economic Development Office	-	-	-	-	13	24.5	18	33.9	21	39.6	1	1.9	53
3	Regional Education Bureau	6	13	20	43.5	8	17.4	9	19.6	3	6.5	-	-	46
	Total	6	4.3	26	18.4	39	28	42	30	27	19	1		141

As shown in table 2, the educational levels of the respondents were found to be 4.0 percent (6) second degree; 18.4 percent (26) first degree, 28 percent (39) college diploma, 30% (42) certificate, 19% 12th/10th complete and 0.6 percent (1) unspecified.

Table 3: Respondents by Job Title and Service Years on their Current Position.

<i>N_o</i>	<i>Job Title</i>	<i>Ranges of Years on their Current Position</i>										
		<i>1-5</i>		<i>6-10</i>		<i>10-15</i>		<i>15-20</i>		<i>Above</i>		<i>Total</i>
		<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>	
1	Educational Managers	18	54.6	14	42.4	1	3	-	-	-	-	33
2	Financial Managers	12	44.5	10	37	5	18.5	-	-	-	-	27
3	Planning Experts	10	76.9	2	15.4	1	7.7	-	-	-	-	13
4	Educational Experts	8	27.6	17	58.6	4	13.8	-	-	-	-	29
5	Internal Auditors	7	63.6	4	36.4	-	-	-	-	-	-	11
6	Accountants	7	50	5	35.7	2	14.3	-	-	-	-	14
7	Budget Experts	5	50	4	40	1	10	-	-	-	-	10
8	Others	2	50	1	25	1	25	-	-	-	-	4
	<i>Total</i>	69	48.9	57	40.4	15	10.6	-	-	-	-	141

The working experiences of respondents with respect to their current position as indicated in table 3 above; were 48.9 percent (69) 1 to 5 years, 40.4 percent (57) 6 to 10 years and 10.6 percent (15) 10 to 15 years on the current job. Among these respondents those who served on their current position for 1 to 5 years are educational managers, financial managers, planning experts educational experts, internal auditors, accountants budget experts, and others (educational materials distribution experts, procurement experts) comprise the highest percentage as illustrated in the table 3 above respectively.

3.2. Analysis of the Findings

This chapter discusses the analysis of the findings and interpretation of the data. It attempts to present the answers to the basic questions mentioned in chapter one. In this part the major variables are analyzed based on the responses obtained from the groups of respondents.

3.2.1. The Degree of Participation of Woreda Educational Office in the Preparation of Education Budget.

In order to assess the degree of participation of education office in the educational budget preparation as one of the factors that contribute to the budget execution and operation of educational activities ten sample woredas were taken. Out of these selected sample woredas 42 respondents from education offices were involved. The Table below shows the responses of these selected woredas with the rate scale of the corresponding respondents.

Table 4: The Degree of Participation of Woreda Education Office in the Preparation of Budget.

<i>No</i>	<i>Woredas</i>	<i>Number of Respondents</i>	<i>Rating scale</i>					\bar{x}
			<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	
1	Kimbibt	4	1	2	1	-	-	2
2	Girar Jarso	4	-	2	2	-	-	2.5
3	Boset	5	1	2	2		-	2.2
4	Lume	5	1	2	2		-	2.2
5	Shashimane	3	-	1	1	1	-	3.0
6	Arsii Negelle	4	-	2	2	-	-	2.5
7	Tiyo	4	-	1	2	1	-	2.75
8	Hetosa	4	-	2	1	1	-	2.25
9	Walmara	5	-	2	2	1	-	2.4
10	Dandi	4	1	1	1	1	-	2.5
	Total	42	-	-	-	-	-	—
	Average mean score							2.18

5=very high, 4=high, 3=moderate, 2=low, 1=very low

The above Table 4 shows the degree of participation of woreda education office heads and experts in annual educational budget preparation. As indicated, out of ten selected sample woredas 9 woreda are below the minimum mean average which is (3). Only one woredas is at the minimum mean average . The total average mean score through out the sample woredas is below the minimum mean average showing the participation of education office heads and experts to be low in annual budget preparation.

This low participation rate might be attributed to the approach of budget preparation now followed thorough out the region. This approach is the incremental budgeting system it is based on the last year's performance of a given institution, which underestimate the incorporation of new additional programs and activities for the following fiscal year. Due to this fact the woredas sector offices budget is prepared by limited supporting staff members and submitted to the woreda finance and economic development office following the expenditure code of the previous year expenditure without the input from educational experts to be checked by the budget experts of woreda finance and economic development for approval.

3.2.2. The Absence of Finance Department in Woreda Education Offices.

Currently, the accounting system i.e. the budget release, disbursement, procurement activities, recording and reporting of government financial expenditure for all sector offices is handled by the woreda finance and economic development office. There is no accounting or finance department in sector offices which undertake the financial affairs. The woreda education offices are also forced to follow this principle as other government offices in order to request and expend its approved budget. In order to determine whether such system enhances or negatively affects the financial utilization of woreda education offices an assessment was made on ten selected sample woredas. The following table shows the severity of the problem in education finance utilization in the woreda education offices.

Table 5: The Extent to which Absence of Finance Department in Woreda Education Offices Affects Educational Budget Execution

No	Woredas	Number of Respondents	Rating scale					\bar{x}
			1	2	3	4	5	
1	Kimbibit	4				2	2	4.50
2	Girar Jarso	4		1	2	1	-	3.00
3	Boset	5				2	3	4.60
4	Lume	5			1	2	2	4.20
5	Shashimane	3			1	1	1	4.00
6	Arsii Negelle	4		1	2	1	-	3.00
7	Tiyo	4				1	3	4.75
8	Hetosa	4			1	2	1	4.00
9	Walmara	5			1	2	2	4.6
10	Dandi	4			2	1	1	3.75
	Total	42		2	10	15	15	—
	Average mean score							4.04

5 = Very high 4 = high 3 = moderate 2= low 1=very low

As it is illustrated in table 5 above, the average mean score of these selected woredas was 4.04 which is above the minimum mean average (3) indicating that the absence of separate accounting department in the woreda education office highly affected the timely educational finance utilization of woreda education offices with the annual planned education activities and academic calendar.

Out of 42 respondents of these selected ten woredas, 35.72 percent (15) responded very high, 35.72 percent (15) high, 23.80 (14) percent selected moderate, and 4.76 percent (2) answered low. The respondents strongly agree, agree, partially agree and disagree on the issue under discussion respectively.

This inefficiency in timely utilization of the approved educational budget due to lack of separate structure under the office manifested in delay of purchase of educational material inputs to be distributed to schools in accordance with the annual academic calendar. More over, the education office cannot decide on its approved budget timely and could not report the educational financial expenditure with the physical plan to the regional education bureau for statistics or some other purposes.

3.2.2.1 Constraints Encountered the Woreda Education Offices.

As it is discussed under table 5 above, the absence of accounting department as a separate unit for woreda education offices, in other words, the common accounting system for all sector offices highly affected the education budget execution and other assistance sources. The table below shows possible constraints with their severity level.

Table 6: Possible Constraints

No.	Item	No. Respondents	Percentage (%)
1	Educational materials are not delivered on time	10	23.81
2	Purchasing of educational materials is delayed	12	28.57
3	The level of financial decision is low	11	26.19
4	The woreda education office cannot participate in financial reporting	9	21.43
	Total	42	100%

As it can be seen from Table 6; the responses of selected sample woreda education office heads and experts, as to the degree to which these factors affect the annual operation of educational activities is presented in percentage out of the total respondents of woreda education offices, 28.57 percent (12) selected purchasing of educational materials is delayed, 26.19 percent chosen, the level of financial decision of woreda education office is low, 23.81 percent (10) educational materials are not delivered on time, and 21.43 percent (9) the woreda education office cannot

participate in financial reporting of its approved educational budget by comparing planned activities with financial expenditure. Therefore, according to the above Table, the major possible constraint is the delay in purchasing of educational materials, which covers the largest percentage and in turn contributes to the prevalence of other factors such as delivery of educational materials, low financial decision and failure to report the financial performance of the woreda education offices.

The information obtained through discussion with woreda education office heads and experts shows that as a principle the purchasing of materials for all sector offices is made two or three times annually on bulky bases. This bulky purchase is made through open bid by inviting suppliers from big cities to get the required materials based on the demand of different sector offices, which in turn require long time to purchase educational materials. Thus, the majority respondents agree on delay in purchasing educational materials.

3.2.3. The Type of Budget Allocated to the Woredas

The woreda cabinet and council make the general budget allocation to woreda different sectors. The woreda finance office receives notification of block grant budget from the regional bureau of finance and economic development (BOFED). The office also estimates the revenue that can be collected from the woreda within the given fiscal year.

Budget requisition is for the education sector starts from the education offices. The requisition is supported by justifications to submit to the woreda finance and economic development office. Then the woreda finance and economic development office organize with the other sector offices budget proposals and call for defense meeting if it deemed necessary.

After the discussion it sends to woreda cabinet. The cabinet discusses the budget allocation of different sectors within the woreda and the recommends budget for approval to the woreda council. The following table shows the budget allocated to the different sectors and the share of education for ten selected sample woredas for current two fiscal years.

Table 7 Total Budget Allocated to the Selected Sample Woredas and the Share of Education (1998 EFY)

<i>No.</i>	Name of woredas	<i>Total Budget Allocated</i>			<i>Budget located to Education</i>			<i>Percentage share of Education</i>
		<i>Capital</i>	<i>Recurrent</i>	<i>Total</i>	<i>Capita</i>	<i>Recurrent</i>	<i>Total</i>	
1	Kimbibit	162000	6637,919	6,637,919	150,000	2,778,998	2,928,998	44.13(6)
2	Girar Jarso	159304	5,243,882	5,403,186	9,304	1,865,890	1,875,194	34.71 (10)
3	Boset	385152	7,317,890	7,703,042	-	3,054,308	3,054,308	39.65 (8)
4	Lume	466500	6,078,375	6,544,875	130,000	2,227,404	2,357,404	36.02(9)
5	Shashimane	932612	9,486,910	10,419,522	395,980	5,189,724	5,585,704	53.61(3)
6	Arsi Negelle	150978	9,878,365	10,029,343	-	5,844,220	5,844,220	58.27(2)
7	Tiyo	270796	7,948,097	8,218,893	150,000	4,144,886	4,294,886	52.26(4)
8	Hetosa	309000	8,846,862	9,146,862	-	5,765,654	5,765,654	63.03(1)
9	Walmara	-	7,076,389	7,076,389	-	2,813,414	2,813,414	39.78(7)
10	Dandi	122184	8,951,228	9,073,412	116,180	4,426,577	4,542,757	50.00(5)
	Total	2949526	77,303,917	80,253,443	951,464	38,111,075	39,062,539	48.67

As it can be observed from Table 7 above out of the total budget allocated to woreda sector offices (80,253,443) the percentage of education comprises a substantial amount ranging from 34.71 percent minimum to 63.03 percent maximum allocation. From the total woreda budget in these woredas 48.67 percent is allocated to education in 1998 Ethiopian fiscal year.

Out of the total budget allocated to the woreda offices as block grant amount from regional bureau of finance and economic development the huge amount of budget is consumed as recurrent expenditure in these selected sample woredas ranging from 94.49 – 100% percent expenditure on recurrent cost (salary and operating). However, as principle the block grant amount consists of both capital and recurrent composition.

The budget source for woreda education is mainly from the government treasury as block grant amount. In addition some amount of external assistance, which is included in the regional budget, is allocated for some woredas. For example UNICF assists selected 31 woredas through the Regional Education Bureau channel, which is not included in the woredas' block grant

On the other hand, the capital budget allocation of these selected sample woredas in the year 1998 EFY is insignificant. In this year out of the total budget allocated to woreda (80,253,443) in the sample woredas only 3.2 percent was allocated as capital budget.

The share of education out of the total budget allocated in the year 1998 EFY was 37.10 percent as it is indicated in table 8 below. As it is illustrated in the table out of ten selected sample woredas two woredas 20 percent did not totally allocated capital budget, the other two woredas allocated capital budget to other sectors 40 percent of the selected sample woredas were allocated capital budget for education. Even the capital budget allocation of these woredas is insignificant the share of education again was substantial.

Table 8: Capital Budget Allocation of Woredas and Share of Education (1998 EFY)

<i>No.</i>	<i>Name of Woreda</i>	<i>Total Capital Budget allocated</i>	<i>Capital budget allocated to education</i>	<i>Percentage share of education</i>
1	Kimbit	162,000	150,000	92.59(2)
2	Girar Jarso	159,304	9,304	5.84
3	Lume	466,500	130,000	27.87
4	Shashimane	932,612	395,980	42.06(4)
5	Arsi negelle	150,978	-	-
6	Tiyo	270,796	150,000	55.39(3)
7	Hetosa	300,000	-	-
8	Dandi	122,184	116,180	95.07(1)
	<i>Total</i>	<i>2,564,374</i>	<i>951,464</i>	<i>37.10</i>

Table 8 shows the total budget allocated to the selected sample woredas and total capital budget allocation of the woredas out of total budget. It is also indicated in the table, the share of education sector out of the total allocated capital part of these woredas. As it is shown in the table the capital budget allocation to the education sector was reasonable amount in this fiscal year ranging from 5.84 percent minimum to 95.07 percent maximum. It shows some woredas allocate huge amount capital budget to the construction of schools and supply of furniture for exiting schools.

Table 9 Total Budget allocated to the selected sample woredas and the share of Education (1999 EFY)

<i>No.</i>	<i>Name of woredas</i>	<i>Total Budget Allocated</i>			<i>Budget Allocated to Education</i>			<i>Percentage share of Education</i>
		<i>Capital</i>	<i>Recurrent</i>	<i>Total</i>	<i>Capital</i>	<i>Recurrent</i>	<i>Total</i>	
1	Kimbibit	405,000	7,691,009	8,096,009	-	3,054,310	3,054,310	37.73
2	Girar jarso	222,742	6,229,792	6,450,534	-	1,754,216	1,754,216	27.19
3	Boset	460,904	8,697,174	9,158,078	-	3,210,069	3,210,069	35.05
4	Lume	-	7,760,294	776,294	-	2,858,491	2,858,491	36.83
5	Shashimane	405,170	11,692,177	12,098,347	1,821	5,878,237	58,80,058	48.60
6	Arsi Negelle	251,000	12,994,142	13,245,142	-	7,541,280	7,541,280	56.94
7	Tiyo	707,952	9,957,119	10,665,071	52,448	5,488,832	5,541,280	51.96
8	Hetosa	-	10,441,937	10,419,937	-	6,226,909	6,226,909	59.76
9	Walmara	383,179	8,280,385	8,663,564	60,000	3,250,339	3,310,339	38.21
10	Dandi	-	8,719,974	8,719,974	-	4,337,705	4,337,705	49.74
	Total	2,834,947	92,442,003	95,276,950	114,269	43,600,388	43,714,657	45.88%

Table 9 indicates that the total budget allocated to these sample woredas and the share of education in 1999 EFY. As shown in the table 80 percent of the selected woredas allocated budget as capital but only 30 percent allocated capital budget for the education sector. The total budget allocation to the education sector was considerable ranging from 27.19 percent to 59.76 percent maximum allocation in this year. On average the woredas allocated 45.88 percent.

Table 10: Capital Budget Allocation of Selected Sample Woredas and Percentage Share of Education 1999(EFY)

<i>No.</i>	<i>Name of Woreda</i>	<i>Total Capital budget allocated</i>	<i>Capital budget allocated to Education</i>	<i>Percentage Share of Education</i>
1	Kimbibit	-	-	-
2	Girar Jarso	-	-	-
3	Boset	-	-	-
4	Lume	-	-	-
5	Shashimane	406,170	1821	0.45%
6	Arsi Negelle	251,000	-	—
7	Tiyo	707,952	52,448	7.41%
8	Hetosa	-	—	—
9	Walmara	383,179	60,000	15.66%
10	Dandi	-	—	—
	Total	1,748,301	114,269	6.54%

As it is indicated above in Table 10 capital budget allocation was made only by four woredas out of ten-selected sample woredas. The allocated budget as a capital budget to the education sector was also insignificant ranging from 0.45 percent to 15.66 percent of the total budget allocated by these woredas in the year 1999 EFY.

Table11 Recurrent Budget Expenditure of 1996 Ethiopian Fiscal Year for the Selected Woredas

<i>No.</i>	<i>Name of Woredas</i>	<i>Total Weredas Approved Budget</i>	<i>Total woreda Adjusted Budget</i>	<i>Total woreda Expenditure</i>	<i>Over/under</i>	<i>Approved share of education</i>	<i>Adjusted Budget of Education</i>	<i>Execrative on Education</i>	<i>Over/under</i>
1	Kimbibit	4,972,827	4,909,251	4,873,583.55	35,667.45	1,777,556	1,843,160.01	1,835,955.98	7,204.03
2	Girar Jarso	6,770,494	6,839,098	6,625,376.91	213,721.09	3,539,702	3,633,472.52	3,529,672.78	103,799.74
3	Boset	5,505,427	5,486,829	5,443,626.37	43,202.63	1,777,341	1,765,745.72	1,759,468.59	6,277.13
4	Lume	7,420,739	7,417,186.77	7,328.35	88,452.42	3,160,436	3,145,930.72	3,142,428.98	3,501.83
5	Shashimane	12,048,976	11,945,522.31	11,610,591.44	334,930.87	6,708,706	3,145,930.81	6,777,004.63	93,301.37
6	Arsii Negale	7,574,216	7,549,094.25	7,414,714.46	134,379.79	4,080,275	6,870,306	4,084,990.04	38,578.16
7	Tiyo	13,643,259	13,637,165.24	13,549,162.76	89,002.48	9,476,701	4,123,568.20	9,553,564.69	16,975.73
8	Hetosa	6,607,912	6,660,344	6,629,617.66	30,726.34	4,181,379	9,570,540.42	4,180,483.92	9,419.97
9	Walmara	9,243,477	9,847,740	9,127,304.26	120,620.74	4,820,397.00	4,782,721	4,735,469.75	47,251.25
10	Dandi	6,981,540	6,847,740	6,722,037.03	125,702.97	3,032,066.00	3,032,381	2,954,687.49	77,673.51
	Total	73,787,327	80,540,155.57	72,043,342	1,089,703.81	42,554,859	31,577,921.79	4,255,3726.85	404,002.72

As shown in Table 11 above the total amount of budget approved and adjusted through the process is indicated in these selected sample woredas. The total woredas expenditure in the year under review and the amount of budget that was spent over or under is indicated. In addition the total amount of budget for education and adjusted over time, total expenditure and the amount over or under spent by the sector is also included in the figure. As seen in the table out of the total recurrent budget allocated to the woredas in the year 1996 EFY 1.48 percent was under spent out of which 37.07 percent was the share of woreda education offices in theses selected woredas.

Table 12 Recurrent Budget Expenditure of 1997 Ethiopian Fiscal Year for Selected Woredas

<i>No.</i>	<i>Name of Weredas</i>	<i>Total Woreda Approved Budget</i>	<i>Total woreda Adjust Budget</i>	<i>Total woreda Expenditure</i>	<i>Over/under</i>	<i>Approved share of education</i>	<i>Adjusted Budget of Education</i>	<i>Expenditure on Education</i>	<i>Over/under</i>
1	Kimbibit	5,375,166	5,600,734.25	5,562,605.69	38,128.56	2,292,674	2,355,740.87	2,349,887.73	5,853.14
2	Girar Jarso	4,327,091	4,535,504.45	4,279,799.22	255,704.22	1,283,528	1,479,612.55	1,475,054.85	4,557.70
3	Boset	5,728,512	6,385,335.40	6,336,162.53	52,172.87	2,021,188	2,386,963.60	2,366,586.87	20,376.73
4	Lume	7,454,890	8,085,277	7,915,835.32	169,441.68	3,279,054	3,670,839.28	3,633,410	37,429.28
5	Shashimane	7,916,930	8,526,610	8,185,017.51	341,592.49	3,854,187	4,259,202.35	4,187,913.31	71,289.04
6	Arsii Negale	7,851,461	8,657,588.60	8,502,667.04	154,921.56	4,458,367	4,850,559.90	4,839,642.24	10,917.66
7	Tiyo	6,912,701	7,274,565.11	7,202,210.67	72,354.44	3,323,517	3,612,390	3,594,124.25	18,266.24
8	Hetosa	7,136,083	7,860,058	7,569,769.97	290,288.03	4,410,627	4,956,299.36	4,816,905.57	139,393.79
9	Walmara	7,328,735	7,606,815	7,342,164.47	264,651.33	3,147,128	3,327,321.68	3,236,491.55	90,830.13
10	Dandi	7,102,837	7,519,454.16	7,447,835.29	71,618.87	3,162,950	3,563,386.04	3,558,759.79	4,626.25
	Total	67,134,406	72,054,941.97	70,344,067.71	1,710,874.71	31,233,220	34,462,315.63	34,058,776.16	40,3539.47

In the Table 12 the recurrent budget approved, adjusted and its expenditure in the year 1997 EFY is shown. Similarly there is under utilization in recurrent budget in this year like the previous year this under utilization is manifested in education offices. Out of the total budget 2.37 percent under spent 23.57 percent was the education budget.

3.2.4. Extent of Technical Assistance to Woreda Education Offices

After financial management system decentralized to woreda level and the commencement of single accountings system at woreda level begins the sole office that under takes the budget preparation, disbursement, recording and reporting is woreda finance and economic development office through out the region.

However, the initial budget request begins form sector offices that don't have the necessary structure to accomplish this activity. Thus, the office should assist technically these sector offices. Responses were also gathered to assess the extent of technical assistant give form woreda finance and economic development office. Then rated using the five points linker type scale of very low (1) medium (3) high (4), very high (5). The mean score of the scale was interpreted as very low (0.05 -1.49) low, (1.5 - 2.49), moderate 2.5 - 3.49, high (3.45 - 4.49) and very high (above 4.5).

Table 13: Extent of Technical Assistance to Woreda Education Office

No	Nome of woredas	No of Respondents	Rating scale					
			1	2	3	4	5	\bar{x}
1	Kimbibit	4	1	2	1	-	-	2
2	Girar jarso	4	-	2	2	-	-	2.5
3	Boset	5	1	2	2	-	-	2.2
4	Lume	5	2	1	2			2.0
5	Shashimane	4		2	2			2.5
6	Arsi Negelle	4		2	2			2.5
7	Tiyo	4	1	1	2			2.25
8	Hetosa	4	1	3	-	-	-	1.75
9	Walmara	5	2	2	1	-	-	1.80
10	Dandi	4	1	1	2	-	-	2.25
	Total	42	-	-	-	-	-	-
	Average mean score							2.13

As shown in the table 13, the mean scores for all woredas laid between 1.75 and 2.25, which is the below mean average. This means that the technical assistance given form woreda finance and

economic development offices is low. The average mean score of all respondents in the selected sample woredas indicate low technical assistance as to how to prepare, request, and execute the educational budget. When we see the difference among the sample woredas, there is no significant variation among the sample woredas with mean values ranging from 1.75 to 2.25. This indicates that the status is similar from woreda to woredas.

As information obtained from Regional Finance and Economic Development Bureau, the preparation, disbursement, procurement and reporting activities are undertaken by the woreda finance and economic development offices but, the budget preparation process starts with the request from the sector offices and therefore, assisting the education offices as how to prepare the original request with different sub codes should be clear and would further help to finance and economic development offices.

3.2.5. Possible Solution Proposed by Woreda Education Offices.

The power to allocate budget and making financial decision to each level is given to self-governments. Based on this principle, currently the woredas have the mandate to allocate, execute and report the financial expenditure. This accountability is given to the woreda cabinet and council. The role of finance and economic development offices is to compile the budget request of all sectors within the woreda and submit the proposal to the cabinet. The sector offices only request their annual budget at the beginning of the year and again request the approved budget to woreda finance and economic development offices. These sector offices cannot exercise the process of budget execution such as procurement and purchase of materials they need for their planned activities. However, as information obtained from woreda education offices such practice hinder the participation of sector offices in budget utilization and affect the educational planned activities.

Thus, in order to assess the possible solutions to these constraints proposed by woreda education office responses were gathered using percentage of responses to each item of these solutions:

Table 14: Possible Solutions Proposed by Woreda Education Offices

No	Item	Number of Respondents	Percentage
1	The Finance department should be restructured for woreda education separately	17	40.48
2	Improving the capacity of existing woreda finance and Economic development staff	12	28.57
3	Increasing the number of existing woreda finance and economic development professionals	9	21.43
4	The existing practice of accounting system is appropriate	4	9.52
	Total	42	100%

As presented in Table 14 above, the possible solutions as suggested by the respondents from selected woreda education offices to improve the education budget preparation, budget request, and procurement, recording and reporting processes were responded by these respondents. 40.48 percent of the responses were item 1, which is the finance department should be restructured for woreda education office separately, 28.57 (12) percent, improving the capacity of existing woreda finance and economic development staff, 21.43(9) percent increasing the number of existing WFEDO professionals, and 9.52 (4) percent the existing practice of accounting system as appropriate.

Thus, as it is shown, the highest percentage indicates the need of education office to restructure finance department independently to accomplish the mentioned tasks to facilitate the operation of educational affairs with scheduled time frame.

In addition, improving the capacity of existing woreda finance and economic development employees through short and long-term training is ranked second in percentage. The third

selection was increasing the existing number of finance staff, but this alternative is against, the current business re-engineering process, which demands work to be accomplished by limited staff with high performance level. The last suggestion was exercising the current accounting practice at woreda level, which is blamed for its inefficiency in timely recording and reporting of financial expenditure by woreda sector offices.

3.2.6 Assessment of Major Problems in Woreda Education Offices in Budget Preparation and Utilization.

With the current financial management system decentralization process down to woreda level, the education offices facing different problems to execute, the approved budget, and fail to report timely on the expenditure of these approved budget and some assistance financial sources.

Thus, in order to assess these factors which influence the successful implementation of decentralized financial sources responses were gathered using the likert type scales as 1 very low, 2 low, 3 moderate, 4 high, and 5 very high. The weighted mean scores obtained from analysis of data were grouped as very low (0.05-1.49) low (1.5-2.49) moderate 2.5-3.49), high, (3.5-4.49) and very high 4.5 and above. Therefore, the weighted mean score above 2.5 were considered as major problem in constraining the financial utilization in education offices at woreda level.

Table 15: Major Problems in woreda education office budget preparation and utilization

No	Item	No of Respondents	Rating					\bar{x}
			1	2	3	4	5	
1	Lack of managerial capacity at woreda education office	3			2	1		3.33
2	Lack of qualified personnel related to budget preparation and execution in education office	10		1	2	2		3.00
3	Absence of separate finance department at woreda education office	10		2	3	2	3	3.6
4	Woreda Finance of Economic development office capacity is limited to serve sector offices	9		2	3	3	3	3.44
5	Inflexible Financial rules and regulation	7		1	3	2	1	3.43
6	The system is not computerized pour /system/	8		2	3	2	1	3.25
	Total	42						
	Mean Average Score							3.34

As it is observed in Table 15 the mean average score of the respondents in selected woredas was above the moderate mean i.e. 3. This means that all mentioned items from 1-6 are considered as problems in budget preparation and execution at woreda level.

Furthermore, the absence of separate finance department at woreda education office separately selected as the major problem as responded by 23.81 percent with maximum mean average of 3.6 out of these mentioned problems. Other problems as limited capacity of woreda finance and economic development offices with mean score of 3.44, inflexible financial rules and regulations with mean score of 3.43, lack of managerial capacity at woreda education offices with mean

score of 3.33, poor system of recording system with mean score 3.25, and lack of qualified personnel related to budget preparation and execution in education office with mean score 3.00 consecutively ranked as major problems.

Therefore, from the above Table it could be concluded that absence of the finance department for woreda education is a major problem caused inefficiency in approved budget utilization and reporting of expenditure timely to education bureau and regional finance and economic development bureau.

3.3.1. The Degree of Directives Implemented by Woreda Finance Economic Development Offices.

The current practice as how to allocated budget requires the involvement of the three levels of governments, federal, region and Woreda levels. The Regional Bureau of Finance and Economic Development estimates the resources that will be available for the regional government expenditure for the fiscal year. These sources may include regional tax revenues transfer, internal borrowing and other sources.

After estimating the resources the regional BOFED divide between the regional expenditure and woreda block grant, resources for the next fiscal year, to be transferred to regional sector bureau as ceiling, and woreda as block grant amount with directives of budget. To assess the degree to which these directives are implemented by woreda finance and economic development offices rating scale was used as 5 strongly agree, 4 agree, 3 partially agree, 2 disagree and 1 as strongly disagree, using the following table 15 in the selected sample woreda.

Table 16: The Extent of Directives from Regional BOFED Exercised by WFEDO

<i>No</i>	<i>Woreda</i>	<i>No of Respondents</i>	<i>Rating Scale</i>					\bar{x}
			<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	
1	Kimbibit	5		1	1	3		3.40
2	Girar Jarso	5			1	2	2	4.20
3	Boset	6			3	2	1	3.70
4	Lume	6			1	3	2	4.17
5	Shashamane	4			2	2		3.50
6	Arsi Negelle	5				3	2	4.40
7	Tiyo	6		1	1	2	2	3.83
8	Hetosa	5			1	2	2	4.20
9	Walmara	6			2	2	2	4.00
10	Dandi	5				2	3	4.60
	<i>Total</i>	53						
	<i>Average means score</i>							4.00

As it can be observed from Table 16, the average mean score of the respondents in all the selected woreda of finance and economic development office show that the directives from regional BOFED as to how to allocate budget among the different sectors and the priority areas of government or poverty target sectors (education, road, Agriculture and food security healthy and water), are considered in budget allocation. As it is seen earlier the in share of budget allocated to the education sector shown in table 7, and 8 for theses selected woredas.

Thus, the mean scores of all selected nearer to 4 with the weighted mean exactly 4. i.e. the directives on how to allocated budget to all sector offices and between recurrent and capital budget allocations based on the directives. However, even the woredas follow these directives in allocating budget, as information obtained through interviews from regional BOFED the woredas do not have adequate budget. The woredas current block amount is scarce and due to this fact, the allocation made to difference sectors including education is much less than what is requested from education offices to run educational planned activities.

3.3.2. Training Opportunity Available for Woreda Finance and Economic Development Offices.

Training is basically necessary for employees under taking the activity of budget preparation to properly perform the duty and to acquaint employees to the current change of directives of budget in the given fiscal year. Some times personnel working in this area may be transferred to other department for promotion or leave the organization, or new one may be assigned to prepare budget, in this case training would be necessary. To assess the opportunity of training to woreda finance and economic development offices before budget preparation starts, respondents form the offices were involved and presented below using likert scale in table 17 below.

Table 17: Training Opportunity Available for Woreda Finance and Economic Development Offices

No	Woreda	No of Respondents	Rating Scale					\bar{x}
			1	2	3	4	5	
1	Kimbibit	5	1	2	2		-	2.2
2	Girar Jarso	5	2	1	1	-	-	1.4
3	Boset	6	1	3	1	1	-	2.33
4	Lume	6	2	3	1	-	-	1.83
5	Shashamane	4	1	2	1	-	-	2
6	Arsi Negelle	5	1	1	3	-	-	2.4
7	Tiyo	6	2	3	1	-		2.2
8	Hetosa	5	-	3	2	-	-	2.4
9	Walmara	6	2	1	3	-	-	2.17
10	Dandi	5		2	3		-	2.6
	Total	53	-	-	-	-	-	-
	Weighted mean							2.15

Table 17 reveals that in all of the selected sample woredas the mean score is below moderate mean that is 3 .The weighted mean also shows low i.e. 2.15.

This means that the availability of training before budget preparation is low and not planned. Training may or may not be conducted before budget preparation starts with the annual budget calendar. Therefore, the training given to woreda finance and economic development budget experts do not match with the activity of budget preparation as most of the respondents mean score indicated.

This is might be associated with the budget required to conduct training as the Regional Finance and Economic Development Bureau budget team responded with interview conducted. The bureau might assess other budget sources to conduct training from such sources like PSCAP (Public sector capacity building program) and DSA Decentralization support activity.

3.4.1 Criteria of Allocating Educational Budget at Regional education Bureau Level

At the regional level, regional BOFED decide the annual ceiling based on the proposal submitted form the bureau planning and project department for capital budget, and form finance department budget section, for recurrent budget for all educational institutions whose budget is prepared at the regional education bureau level. BOFED provides budget ceiling to all sector bureau including the education bureau.

On the basis of budget ceiling given to the bureau, the regional education bureau divide its recurrent by finance department and capital budget by the planning and project department to all educations institutions whose budget to be prepared at the bureau level. There are different criteria to be followed during budget preparation and allocation. To assess these criteria at the regional bureau level 46 respondents were involved from regional education bureau. These respondents were 27 from line staff departments and 19 were from supporting staff. The following Table shows the frequency of the responses to each item/criteria/ to allocate capital budget at regional education bureau level.

Table 18 Criteria to Give Priority in Capital Budget Allocation at OEB level

NO	Item (Factors)	Frequency of responses and rank order of respondents			
		Line staff No = 27		Supporting staff No=19	
		f1	r1	f2	r2
1	Based on size of the activities Educational institutions are undertaking	6	4	5	4
2	The remoteness of certain area	8	3	6	3
3	Political commitment	11	1	7	2
4	Priority is given for ongoing projects	9	2	8	1

f= frequency r= rank

As indicated in the Table 18, above in allocating capital budget for project activities as responded by line staff members of Regional Education Bureau was based on the political commitment that the government enters with the community of certain area as it is ranked first in the rank order. The second criteria in allocation of capital budget was for ongoing projects whose activity started in the previous years and still not completed as it is ranked second. Remoteness of certain area also ranked third because priority is given for under served localities. The activities that educational institutions are under taking stood at last rank (fourth).

In the case of respondents from supporting staff the ongoing projects ranked first, political commitment second, the remoteness of certain area ranked third and the size of the activities that educational institutions are under taking ranked last.

In both the groups of respondents the size of activities or programs that the institutions are undertaking was not considered as a high priority as respondents ranked above and the political commitment that the government enter for certain community were ranked first and second by both line and supporting staff respectively.

The recurrent budget allocation is mainly based on the directives and guidelines given from regional BOFED every fiscal year with annul budget ceiling. As it is has been mentioned earlier

in previous discussions the budgeting system is the incremental budgeting particularly this true for recurrent budget. Such system of budgeting is based on the last year's performance of a given institution. Accordingly in the allocation of recurrent budget the salary of employees working in the organization is the first priority. Other operating costs that recur or happen every year; such as electric bill, telephone bill, water bill, operating cost for conducting national examinations are considered as second priority at regional education bureau level.

3.4.2 The Involvement of Departments in Educational Budget Preparation at Regional Education Bureau Level.

Effective budget preparation requires the involvement of staff that is trained in the regulations, practices and principles of budgeting. In addition it demands professionals who know the educational program activities of each department and who can associate the financial plan with activities of education in the medium term. This involvement is required due to the fact that an employee or team member in budget preparation cannot be professional in each of these activities.

To assess the status of the involvement of different line departments in annual budget preparation at Regional Education bureau 46 respondent; i.e. 27 line staff members and 19 from supporting staff members were involved. The involvement is ranked with the frequency of responses as always, sometimes, rarely and I don't know. The following Table shows the degree of involvement of these departments at regional education bureau level in annual budget preparation.

Table 19: The Level of Involvement of Departments in Budget Preparation

No	Item	Frequency of Responses and Rank order			
		Line staff No = 27		Supporting staff No=19	
		f1	r1	f2	r2
1	Always	6	3	-	-
2	Some times	9	1	7	2
3	Rarely	8	2	9	1
4	I don't know	4	4	3	3

As it is illustrated in the Table 19 above, every department in regional bureau some times involves in the preparation of annual education budget as responded by line staff members and ranked first, whereas rarely ranked second, always third and some respondents responded as they do not know the level of involvement.

Supporting staff members ranked the level of involvement as rarely ranked first, some times second, always no rank, and there are also some respondents who responded, as they don't know the level of involvement. In both groups of respondent the level of involvement of different department in the Regional Education bureau is poor as ranked by the respondents. Budget is prepared only by one individual for recurrent budget and planning team for capital budget. Line departments simply request budget for their planned activities with out clear justifications. Experts in different line departments are not fully participating in practical budget preparation and they left the accountability to the supporting staff, planning and finance departments.

3.4.3 The Extent that the Allocated Annual Budget is released at Regional Education Bureau Level

Responses were gathered to assess the extent of allocated educational budget was released with annual planned activities of the organization. 46 respondents of Regional Education Bureau (27 line staff and 19 supporting staff) were involved using ranking order of the frequency of responses. The following Table shows the extent of the allocated budget was released and being used by the Education Bureau.

Table 20: Extent of the Allocated Annual Budget is released

NO	Item	Frequency of Responses			
		Line staff No= 27		Supporting staff No= 19	
		f1	r1	f2	r2
1	Always released timely	8	3	4	3
2	Some times released late	10	1	6	2
3	It is not released timely	9	2	7	1
4	I don't know	5	4	3	4

As attested in Table 20, the frequency of responses of respondents from line staff members as to the extent of budget release some times late was ranked first, it was not released timely ranked second, always released timely ranked third, and some members do not know the situation of budget release.

Supporting staff members responded as it was not released timely ranked first, some times released late ranked second, always released timely ranked as third and also some members from supporting staff do not know when budget was to be released. Therefore, in both group of respondents there was delay in the budget release process from regional BOFED as responded by the respondents.

As information obtained through interview from regional BOFED disbursement experts, the release of budget delay was due to the financial report requirement of treasury, assistance and loan sources of finance to the government and donor agencies respectively.

The financial expenditure report is mandatory for sector bureaux, including Education Bureau because the report is used for quarterly evaluation. Thus unless report is submitted to BOFED for the previous months' expenditure the bureau do not release the next month operating budget.

3.4.4 The Rate of Turnover and Transfers of personnel at Regional Education Bureau.

As a principle an employee performs better if he stays at particular job. Because he gets experience through time being at his position provided that there is a job rotation within the department in order to avoid boring with routine activities. To assess the rate of turnover and transfer of personnel working in finance department at Regional Education Bureau level, 27 line staff members and 19 supporting members were involved from the Bureau and rated using ranking scale as 5= very high, 4=high 3=moderate 2=low 1=very low. The mean score of the scale were interpreted very low (0.05-1.49), low (1.5-2.49) moderate (2.5-2.49) high (3.45-4.49) and above 4.5 as very high.

Table 21: Rate of Turn Over and Transfer of personnel Working in the Finance Department at Regional Education Bureau

<i>No</i>	<i>Respondents</i>	<i>No</i>	<i>Rating Scale</i>					\bar{x}
			<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	
1	Line staff	27	-	4	12	8	3	3.37
2	Supporting staff	19	-	-	8	7	4	3.79
	<i>Total</i>	<i>46</i>	-	-	-	-	-	-
	<i>Weighted Average mean</i>							<i>3.38</i>

As illustrated in the Table above, the rate of turn over and transfer of personnel working in finance department as responded by the line staff was with average mean of 3.37 that is between 2.5 and 3.49 (high). The supporting members also responded as high with mean average of 3.79 that is between 2.5 and 3.49. In both groups of respondents the weighted mean average was in the range of high Thus, there is high turnover and transfer of personnel from finance department.

As information obtained from employees working in the finance department the head of finance changed 8 times between the years 1992-1999 EFY and 5 accountants were transferred to other organizations. Thus, this high turn over, highly affected the financial utilization and proper recording keeping of different sources of finance of education. In addition the department has shortage of qualified accountants currently. There are only 3 accountants undertaking 6 different fund sources in the project finance section of the education bureau.

3.4.5 Factors that hinder the Efficient Utilization of Education Finance in the Regional Education Bureau

There are a number of factors that affect the educational finance utilization both at regional and woreda level. To assess these factors that contribute to poor utilization of education budget at regional level respondents from regional education bureau 27 line staff and 19 supporting staff members were involved. The frequencies of responses were ranked to show the severity of these factors using the following Table 22.

Table 22: Factors that Hinder the Efficient Utilization of Educational Finance at Regional

Education bureau

No	Factors	Frequency of Responses and rank order			
		Line staff No = 27		Supporting staff No = 19	
		f1	r1	f2	r2
1	Inadequate of qualified and experienced personnel in the area of finance and procurement	9	1	5	3
2	Lake of adequate training to both procurement and finance personnel	6	4	4	2
3	Inadequate organizational structure for both finance and procurement departments	8	2	6	1
4	Inadequacy of financial decentralization to lower levels	7	3	4	4
5	Some budget sources require pre-conditions to be released and utilized.	4	7	3	5
6	Poor record keeping for financial documents	6	6	1	7
7	Purchasing materials for education require long procedures of bid.	5	5	2	6

As presented above in Table 22, the factors that cause inefficiency in educational finance utilization was ranked based on the responses of both categories of respondents. As indicated, inadequacy of qualification, experience, poor organizational structure, and inadequate in financial decentralization, lack of training ranked 1,2,3,4 by both categories respondents interchangeably. Therefore, these factors are the major ones that contributed to poor utilization of education

finance at regional education bureau level. Other factors such as delay of purchasing pre-conditions of budget release for some sources, and poor record keeping of financial documents are ranked 5,6, and 7 interchangeable by two groups of respondents. And these mentioned factors are also caused inefficiency of educational budget utilization. Thus, all mentioned factors contributed to poor utilization of educational finance in the region; even there was degree of severity among these factors.

3.4.6. Financial Performance Evaluations

As information obtained through interview conducted with regional finance and economic development bureau budget and disbursement heads and experts; financial performance evaluation against the planned activities and approved budget at woreda level is carried out by woreda cabinet and council for all sector offices including education office. At woreda level allocating budget to sector offices and evaluating the performance is the responsibility of woreda cabinet and council. In addition, detailed audit of allocated budget against legal appropriate expenditure based on financial rules and regulations is carried out by regional audit bureau through its branches located at different zones.

At regional level financial performance evaluation particularly, for capital budget is carried out by joint budget review mission (JBRM) whose members are from regional finance and economic development bureau; central ministry of finance and economic development, and sector bureaus specially for poverty reduction strategic sectors (Agriculture and rural development, Education, health, water and road).

Furthermore, regional BOFED inspect, monitor and make on going evaluation for capital budget through monitoring and evaluation department. Similar to woredas detailed audit is carried out by regional audit bureau. As document revealed, Oromia education bureau was audited by the audit bureau up to 1997 EFY. However, evaluation by the bureau was rarely carried out since the internal audit department is not filled its available positions with qualified auditors. Currently the available position requires 9 members whereas, the filled position is only four members i.e. (44%) of the position was filled.

3.4.7 Educational Budget Allocation at Regional Bureau level

Table 23: Oromia Regional State Budget and the Share of Education (in Millions Birr).

No	Description	Years			
		2001/2	2002/3	2003/4	2004/5
1	Regional Government Total Budget	1,924.2	1,600.2	2,283.10	2,341.20
1.1	Capital	480.80	227.30	380.0	477.0
1.2	Recurrent	1,443.30	1,372.90	1,903.10	1,864.20
2	Share of Education	749.30	676.70	798.40	864.0
	Percentage (%) share	38.90	42.30	34.90	36.90
2.1	Capital	129.70	13.30	31.70	44.10
	Percentage share	26.90	5.80	8.30	9.20
2.2	Recurrent	619.60	663.40	766.70	819.90
	Percentage share	42.90	48.30	40.20	43.90

As indicated in Table 23 above the budget allocation to education sector from the total regional government budget in these years was substantial. The total allocated to the education sector was in range of 40.2 percent minimum to 48.3 percent maximum. Capital budget allocation covered 26.9 percent since 2001/02 and decreased to 5.8 percent, 8.3 percent and 9.2 percent in the year's 2002/03, 2003/04 and 2004/05 consecutively as shown in the above Table. Thus, the total government budget allocation to the regional education sector was considerable amount.

CHAPTER FOUR

4. Summary, Conclusion and Recommendations

4.1 Summary

The major purpose of this study was to assess the processes of educational budget allocation and the factors that affect educational finance utilization in Oromia Regional State Education Bureau and some selected woredas of the region. To achieve this purpose, the study was focused on ten selected woredas and the Regional Education Bureau using purposive sampling technique. Relevant data were collected through questionnaire and interview from woreda education office heads, planning and supervision department heads and experts; woreda finance and economic development heads, budget and disbursement department heads and experts were involved. At regional level education bureau, bureau head, department heads and experts from both line and supporting staff members and the regional finance and economic bureau budget and disbursement department heads and experts were involved through interviews. Moreover, documents were used as secondary sources of data.

The data obtained through the questionnaire and relevant documents reviewed were analyzed using appropriate statistical tools such as percentage, weighted mean scores, and ranking order of the frequency of responses.

At woreda education offices' level, the degree of participation of woreda education office in the preparation of annual education budget; the extent that the absence of separate finance department for education offices affected the financial utilization, constraints encountered as a result of this absence, the type of budget allocated to woreda and the share of education were dealt with.

In addition; the technical assistance provided to woreda education offices to enable the offices to prepare its budget, and the solutions proposed by woreda education offices to improve budget preparation and execution. Moreover, the major problems in woreda education offices in budget preparation and utilization, the degree to which directives are implemented by woreda finance and economic development offices in allocating budget to each woreda offices, and the training opportunity for woreda finance and economic development office experts to under take this activity were the main points discussed.

At Regional Education Bureau level, the criteria of allocating education budget, the involvement of different line departments on budget preparation, the extent of approved budget was released, the rate of turnover, transfer, and job quitting of personnel working under finance and procurement departments, the degree to which financial performance was evaluated, and the major factors that hinder the efficient utilization of educational finance were raised and discussed.

Among the questionnaire distributed 86.5 percent (141) were filled and returned. Out of this 27.77 percent (42) from woreda education offices, 32.51 percent (53) from woreda finance and economic development offices and 28.22 percent (46) were from Regional Education Bureau both line and supporting staff members. In addition information obtained through interview of regional BOFED budget and disbursement experts were also included as part of the discussions. Based on the above analysis, the following major findings were drawn.

The characteristics of the study population include sex; age, educational level and the work experience of respondents at each administrative level were analyzed. Accordingly, out of the total respondents 91.8 percent were male and 8.2 percent were female. Out this 97.6 percent male and 2.4 percent female were from woreda education offices.

The data on age distribution indicated that out of the total respondents 45 percent were between the age range of 31 and 40 years, 37 percent between 41-50 years, 17 percent between the age range of 20 and 30 years, and only one percent was above 50 years.

The educational level of respondents were 4 percent (6) with second degree, 18.4 percent (26) were first degree, 28 percent (39) college diploma, 30 percent (42) certificate, 19 percent (27)

were 12th/10th complete and 0.6 percent (1) were unspecified. The educational level of woreda finance and economic development offices experts were 24.5 percent (3) diploma, 33.9 percent (18) with certificate, and 39.6 percent (21) were 12th/10th complete.

The degree of participation of woreda education office heads and experts in annual educational budget preparation were found to be low and inadequate. The average mean score of the selected woredas rated below the minimum mean average (3). The mean average of the selected woredas was 2.96 that is below the minimum mean average.

This low participation was attributed to the system of budget preparation followed, which underestimates the incorporation of new programs in annual budget preparation. Therefore, budget preparation was done by limited supporting staff with out the involvement of educational professionals.

In addition, the absence of separate finance department (accounting department) for woreda education offices highly affected the timely educational finance utilization in woreda education offices as 35.72 percent (15), responded very high, 35.72 percent (15) high, 23.80 percent (14) moderate, and 4.76 percent low (2) respectively with weighted mean score 4.04.

This inefficiency was manifested in delay of purchase of educational materials 28.57 percent (12), low level of financial decision 26.19 percent (11), and educational materials delivered late 23.80 percent (10), and poor financial reporting 21.43 percent (9) of woreda education offices as it is shown in table 6.

The budget allocated to woreda education sector was substantial out of the total block grant allocated to these selected woredas, the share of education was 48.67 percent in the year 1998 EFY out of the total budget allocated to these woredas. However, the large amount of allocated budget was consumed as recurrent expenditure ranging from 94.49-100% percent of recurrent cost in the year 1996 and 1997 table 11, 12. The source of budget was mainly from government treasury as block grant since other sources of finance to woredas was limited. Even if the source of budget was limited, there was budget under utilization in woreda education offices as it is indicated in table 11, in the years 1996 and 1997 EFY respectively.

Capital budget allocation in these selected woredas was insignificant, for example; the selected woredas allocated only 3.2 percent out of the block grant amount in the year 1998 EFY; out of which 37.10 percent was for education offices: Even though, the capital budget allocation was insignificant the share of education is still better as woredas allocate budget for construction of schools and supply of furniture to the existing schools.

The technical assistance provided from woreda finance and economic development offices to woreda education offices as to how to prepare, request, and execute budget was found to be low. The responses of the selected woredas mean average rated 1.75 to 2.25. As evidenced by BOFED the accounting activities at finance and economic development offices handle woreda level. However, the initial budget request to be started from the sector offices.

In order to minimize this gap, the woreda education offices respondents were proposed separate finance / accounting/ department for education offices as responses revealed that 40.48 percent selected the need of separate accounting department. Other solutions as improving capacity of woreda finance and economic development offices, increasing the number of professionals, and applying the existing practice of accounting were proposed with percentage of responses of 28.57, 21.43 and 9.52 percent respectively from total of 42 respondents.

The assessment made to identify the major problems in woreda education offices in preparing and utilizing educational budget also revealed that the absence of accounting department was considered as major one with mean average value of 3.6 out of other problems mentioned in these selected woredas. The other problems as capacity limitation, inflexible financial rules and regulations, lack of managerial capacity, poor system of recording; and lack of qualified personnel related to budget were ranked as major problems with mean scores 3.44, 3.43, 3.33,3.25 and 3 consecutively.

The directives transferred from regional BOFED; as to how to allocate budget within the woreda sector offices; priority sectors, and between recurrent and capital budget allocation were fully exercised by woreda finance and economic development offices as the weighted mean score of these selected woredas was 4 indicating high degree of its implementation. However, as evidenced through interview of BOFED budget and disbursement experts, the woredas block grant amount is inadequate.

The training opportunity for woreda finance and economic development experts before budget preparation starts was found to be low; as the responses of respondents revealed., out of the total 53 respondents of these selected woreda finance and economic development office heads and experts 30% of the responses were partially agree, 40% near to partially disagree 20 percent disagree and only one percent agree about the availability of training; with mean scores of 3, 2.67–2.84, 2.4-2.5 and 3.4 respectively. Therefore, training was not a planned activity to assist woreda finance and economic development experts.

At regional level the capital budget allocation was made based on the political commitment that government enters with community, as the responses of respondents from Regional Education Bureau line and supporting staff indicated. Both group of respondents ranked as first and second respectively. The other criteria considered in capital budget allocation were for on going projects, remoteness of certain area, and the size of the activity that educational institutions under take were ranked as second, third and fourth consecutively.

The recurrent budget allocation was mainly based on directives and guidelines of regional BOFED that uses the incremental budgeting approach. In this approach the previous years' performance of educational institutions is the base for the coming year's budget. In addition, the involvement of different line departments of the bureau in annual budget preparation was low. Line staff members ranked this involvement as they involve sometimes, whereas supporting members ranked rarely. In both cases of the responses the participation was low.

As indicated by the responses the allocated annual budget amount was not released timely from regional BOFED to Regional Education Bureau monthly. The rank order of the responses revealed that budget was not released timely as responded by supporting staff and budget release was sometimes late by line staff members. The delay of budget release was due to financial report requirement of each fund sources as it was evidenced through the interview with regional BOFED disbursement experts.

The rate of turn over, transfer, and job quitting of personnel working in the finance department were found to be high. The responses of line staff members mean averages

value indicated 3.37 and supporting staff members with mean average value of 3.79. In both groups of the respondents the rate was high.

Factors such as inadequacy of qualifications, experience, training, poor organizational structure and inadequate in financial resource decentralization contributed to poor educational finance utilization in the region as ranked 1st, 2nd, 3rd and 4th by both categories of the respondents interchangeably. Thus, these factors are the major ones that hinder the timely educational finance utilization in the region.

Other factors as delay of purchasing of educational materials, pre-conditions for budget release, and poor record keeping of financial documents considered as additional problems contributed to poor financial resources utilization as they were ranked 5th, 6th and 7th interchangeably by both groups of respondents.

Financial performance evaluations were made both at woreda and regional level as the information obtained through interview of BOFED indicated. At woreda level, the woreda cabinet evaluates allocated budget against its expenditures whereas detail, financial audit was made by zonal branches of Oromia Regional Audit Bureau. At regional level performance evaluations were made by joint budget review mission (JBRM) particularity for capital budget. In addition, Regional Audit Bureau, regional BOFED inspects, monitor and make ongoing evaluations. However, evaluations at regional Education Bureau level were carried out rarely due to capacity limitations

4.2 Conclusions

The major findings based on basic questions, the following conclusions could be drawn.

1. The degree of participation of woreda education office heads and experts in annual budget preparation was low. Educational experts rarely participate in annual educational budget preparation at woreda level. Furthermore, the absence of finance/accounting/ department within the education offices highly affected budget execution and became bottleneck for timely utilization of education finance at woerda level.

2. The process of budget allocation was based on a proclamation that defines the power of woredas. At present the woredas are allocating a considerable amount of budget to the education sector as their priority and they get benefit from the government financial decentralization. For example, the allocation reached up to 48.67 percent out of the total woreda budget in these selected woredas since 1998 EFY. However, capital budget allocation at woreda level was insignificant. At woreda level the allocated recurrent budget was underutilized as indicated since the years 1996 and 1997 EFY.
3. The technical assistance provided from woreda finance and economic development offices to the woreda education offices was limited, even if the initial budget requesting starts from woreda education offices. Proposed solutions suggested by woreda education offices to minimize this gap, was the establishment of accounting department within the education offices. Thus, 40.48 percent out of 42 respondents accepted the need of the department for better performance.
4. The findings of the study revealed that, absence of accounting department, capacity limitation of woreda finance and economic development offices, inflexible financial rules and regulations, lack of managerial capacity, poor system of recording and lack of qualified personnel were the major factors that hindered the financial utilization at woreda education office level.
5. The study also identified that, directives sent from regional BOFED on budget preparation for woredas was fully exercised by woreda finance and economic development offices and this enabled the woreda to allocate budget based on their priority and they benefit from the current financial decentralization. However, the block grant amount allocated to woreda was inadequate.
6. There was lack of training of woreda finance and economic development offices to handle the activities of budget preparation, and execution of all sectors in the woreda and therefore, the capacity of woreda finance and economic development offices should be improved to fully assist sector offices.
7. The study revealed that capital budget allocation was based on the political commitment of government, for ongoing projects, remoteness of certain area and size of activities that the

- a. should encourage the participation of professionals of the in order to prepare reasonable budget based on the expertise knowledge to minimize unnecessary wastage of the available resources.
 - b. Regional Finance and Economic Development Bureau should review the current accounting practices particularly for large sectors; like agriculture, education, and health offices at woreda level.
2. With regard to budget allocation it is suggested that the woreda education offices with the woreda finance and economic development offices;
 - a. should improve the capital budget allocation in general and to the education sector in particular to expand access to education within the woredas.
 - b. should build the capacity of personnel of both education and finance and economic development offices through short and long term training for better performance based on the existing limited financial resources.

C should look for additional resources from non-government organizations to supplement inadequate block grant amount.
3. Concerning the limited technical assistance given to woreda education offices from woreda finance and economic development offices it is recommended that the woreda Finance and Economic Development offices in collaboration with regional BOFED should;
 - a. adjust mechanisms of giving technical assistance to enable the sector offices to improve the current inefficiency in budget preparation and execution.
 - b. Should conduct detail study on problems related to budget preparation, execution, and financial reporting, based on the questions, suggestions raised from woredas and arrange discussion forums with woreda sector offices for better execution.
4. For the constrained financial utilization at woreda level Regional BOFED, with woreda Finance and Economic Development offices should;
 - a. conduct a study on how to improve problems related to organizational structures qualifications, experience, and training needs of employees, the existing financial rules and regulations and other serious problems.
 - b. introduce modern system of record keeping and reporting using appropriate software for woredas.

5. Budget allocation made on political commitment largely affected planned activities of education the other criteria being used. Thus, it is recommended that the Regional Education Bureau in collaboration with the Regional government Should;
 - a. review the capacity of the budget before entering into commitment with the community to construct schools or supply of educational materials.
 - b. Should find other sources of income for such commitments from non- government organizations and the community.

6. For the poor involvement of line departments in annual budget preparation, it is recommended that the Regional Education Bureau should;
 - a. co-ordinate line departments to fully participate in annual budget preparation to enable them to review the financial plan with education planned activities through assigning responsible personnel for each line departments
 - b. Arrange orientation programs before annual budget preparation begins to collect the relevant information that is related to budget preparations.

7. For the delay in budget release from Regional Finance and Economic Development Bureau at Regional Education Bureau level, as a result of delay in financial expenditure reporting of the Education Bureau should;
 - a. equip the finance department with necessary materials like computers with appropriate software to keep record and report timely.
 - b. the Bureau has to fill vacant positions, if any in finance department with competent professional accountants.
 - c. arrange training for existing accountants to build their capacity.

8. concerning high turn over, transfer of personnel working under, finance and procurement departments at Regional Education Bureau level the Bureau should;
 - a. review the organizational structure for both the departments for better performance.
 - b. study major causes of turnover and transfer of employees.
 - c. develop incentive mechanisms to maintain employees in both departments.

9. Regarding financial performance evaluations both at Regional and woreda level Regional Education Bureau should undertake financial evaluations within the organization quarterly to make necessary adjustment early for better financial utilization of education budget.

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Appendix A

ADDIS ABABA UNIVERSITY SCHOOL OF GRADUATE STUDIES COLLEGE OF EDUCATION DEPARTMENT OF EDUCATION PLANNING AND MANAGEMENT

General Instruction

The purpose of this questionnaire is to assess the process of budget allocation and the status of educational finance utilization at regional level and some selected woredas.

The research findings will have positive implication and assist the region as well as the selected woredas education office in financial decision-making

Thus, your co-operation in completing the questionnaire has a paramount importance to achieve the objective of the study. Be objective and complete in your responses.

N.B

1. Please that it is not necessary to write your name on the questionnaire.
2. Be informed that the information you give would be confidential
3. For multiple choice question items, please indicate your response by putting (✓) in the boxes or encircling the letter of your choice.
4. For questions that require your opinion, please give short and precise answer

Part I General Information

Woreda /Zone/ Region _____

Sex Male Female

Age 20-30 31-40 41-50 Above 50

Educational Level

Certificate 12th/10th compel Diploma un specified

B.A/B.SC/ M.A /M.SC

Field of Specialization

Educational Mangers Educational Planners Accountants Budget experts

Work experience (in years) at current position

1-5 6-10 10-15 15-20 Above

Current Position of the Respondent

Head of Department Region, Zone, Woreda Team Leader Auditors
Accountants Budget Experts If other (Please specify)

Questionnaire

Appendix B

Part one. To Woreda Education office Heads and experts

General Direction

- A. Please make a tick (V) or write brief answers wherever necessary.
- B. Please give only one answer to each item unless you are requested to do so.
- 1. To what extent do the Woreda Education office heads and experts participate in the preparation of annual Education budget?

Very high High Moderate Low Very how
- 2. If your response to question NO 1 above is very high or high does this participation help to secure adequate budget to accomplish your annual physical plan?
A. Strongly Agree B. Agree C. Partially Agree D. Disagree
E. Strongly disagree F. No Response
- 3. Does your Woreda Consider education as one of the government priority area in annual budget allocation process? (Your opinion) _____
- 4. To what extent does your Woreda education office benefited from the current fiscal the centralization.
Very high High Moderate Low Very how
- 5. The Absence of finance department in woreda education office Contribute to poor utilization of education finance in your woreda?
a. Strongly Agree b. Agree c. Partially Agree
d. Disagree e. Strongly disagree f. No Response
- 6. To what extent does the absence of finance department in the woreda education office? separately affect the utilization of education finance.
Very high High Moderate Low Very how

7. If your response to question No. 6 above is very high or high what are the possible Constraints encounter in financial utilization of education office? (You can give more than one answer).
- Educational material inputs are not delivered on time as required by the woreda office.
 - Purchasing of educational materials will be delayed.
 - The level of financial decision of Woreda education Office will be low because they cannot use the allocated budget at the time.
 - The woreda education office cannot report financial expenditure to the regional education bureau as required.
 - Others (please specify) _____
8. Which of the following budget type mostly allocated to at the woreda level (you can give more than one answer).
- Recurrent budget as block grant. B. Capital budget as block grant
 - Both recurrent and capital budget as block grant to be allocated by woreda cabinet.
 - Loan budget from Regional finance and Economic development bureau.
 - Aid /assistance/ from donors.
 - Others (please specify) _____
9. If loan or grant sources are not directly allocated by woreda education office; specify by choosing among the following possible reasons
- Loan or grant is limited at regional education bureau level.
 - Terms and conditions set by loaners or donor's doesn't allow allocating budget to woredas.
 - Lack of execution of capacity of woreda education office
 - The regional education bureau maintains the loan or assistance budget at the bureau level.
 - Others (Please specify) _____
10. To what extent does the technical assistance with regard to budget preparation and execution given from woreda finance and Economic development office is given to the education office help you to request your annual budget?
-

Very high

High

Moderate

Low

Very low

11. If your response to question No. 10 above is low or very low what are the possible solutions in order to alleviate the problem? (You can give more than one answer)

- a. The finance department should be restricted separately for woreda education office to accomplish the activity
- b. Improving the capacity of existing woreda finance and economic development staff in terms of qualification to assist sector offices.
- c. Increasing the number of existing woreda finance and Economic development professions.
- d. Others/please specify) _____

12. To What extent do the existing financial rules and regulations enhance efficient utilization of education finance in your woreda?

Very high

High

Moderate

Low

Very low

13. If your response for question No. 12 is low or very low what are the possible constraints in terms of rules and regulations (you can give more than one answer)

- a. Long procedures of bid requirements to purchase each item required for the job
- b. Long budget request process in the woreda finance and economic development office.
- c. Procurement requirements to purchase goods cost more than 40,000 ETB
- d. The limited capacity of the procurement department in the woreda finance and Economic development office. e. Others(Please specify) _____

14. What are the major problems you observed in education budget preparation and utilization of the release budget?

- a. Lack of managerial capacity at woreda education office related to budget administration.
- b. Lack of qualified personnel related to budget preparation and execution in the woreda education office.
- c. The Finance department is not separately organized in the woreda education office to under take this activity.
- d. Mention others (If any) _____

15 Please comment and give your general opinion on the factors that hinder the educational budget Process and execution. _____

Appendix C

Part two

These Questionnaires are to be completed by woreda finance and Economic development office by woreda head and budget and disbursement experts.

General Direction

A. Please make a tick (v) or write brief answers wherever necessary.

B. Please give only one answer to each item unless you are requested to do so.

1. Does the woreda Finance and Economic development office fully involve in budget preparation of each sectoral offices? .
 - A. Strongly Agree B. Agree C. Partially Agree D. Disagree
 - E. Strongly Disagree F. No Response
- F. Are the directives given from Regional Finance and Economic development bureau during budget preparation properly exercised at your Woreda by sectoral offices?
 - a. Strongly Agree b. Agree c. Partially Agree d. Disagree
 - e. Strongly disagree f. No Response
2. If your response to question 2 is strongly Disagree or Disagree would you please briefly specify the problems you faced during budget preparation for sector offices including woreda education office? _____
3. The process of budget preparation including education budget is the task to be performed by (you can give more than one answer)
 - A. Woreda Finance head only. B. Budget department experts only.
 - C. Woreda Finance head with woreda Education office
 - D. Budget department experts prepare the first draft with planning expert from each sector and submit to woreda finance head.
 - E. Woreda finance and economic development office head submit to woreda

cabinet for approval. F. I am not certain about it.

4. Do the budget department experts get adequate training annually before starting the activity of budget preparation each year?
- A. Strongly agree B. Agree C. Partially agree D. Disagree
E. Disagree F. Strongly Disagree G. No Response
5. How many times did the experts participate in budget preparation training?
- A. Once B. Twice C. Three times D. More than three times
E. No training is give at all.
6. When did the last training taken place?
- A. Three years ago B. Two years ago C. One year ago D. Six months
7. Is the training provided relevant to budget preparation activity?
- A. Yes B. No
8. The process of budget preparation and execution improved after the decentralization process
- A. Strongly Agree B. Agree C. Partially Agree D. Disagree
E. Strongly Disagree F. No Response
9. What is the level of assistance given from the Regional Finance and economic development bureau to help you in your annual budget preparation?
- Very high High Moderate Low Very low
10. If your response to equation No 10 is very high or High what type of technical assistance is given to woreda office (you can five more thane are answer)
- A. Provide training on budget, disbarment and reporting systems.
B. Send Experts from Regional BOFED to woreda Finance and Economic development office to practically show the activity
C. Organize experience-sharing activity within woredas.
D. Send Guiltiness to woreda offices
E. Provide computer with appropriate software to prepare budget.
11. What are the possible effect of the existing financial rules and regulation in order to utilize the annual budgeted amount properly (you can give more than one answer)
- A. The Rules and regulations are inflexible.

- B. Long procedures of bid process to purchase goods and services cost above 40,000ETB
- C. Procurement requirements for materials and services cost more than 5000 ETB
- D. Long budget release and disbursement process
- E. Others (please specify)_____

12. To what extent do the existing financial rules and Regulations enhance the efficient utilization of the annual budgeted amount?

- Very high
 High
 Moderate
 Low
 Very low

13. What is your general comment and opinion to improve timely and efficient utilization of education finance of your woreda? _____

Appendix D

Part three

These Questionnaires are to be completed by Regional Education Bureau Department Heads, Internal auditors, accounts and Planning Experts.

General direction

- A. Please make a tick (✓) or write brief answers wherever necessary.
 - B. Please give only one answer to each item unless requested to do so.
- 1) The Regional education bureau is accountable to prepare annual budget for the following education institutions.
 - A. Regional education bureau B. Zonal education office C. TEI Colleges
 - D. TVET Colleges E. Education media Stations
 - F. Secondary education (2nd cycle) G. SDC (skill development enters)
 - H. Special needs education institution J. Others (If any) please specify.
 - 2) What are the criteria to prioritize educational institutions whose budget is prepared at Regional level particularly for Capital budget preparation (you can give more than one answer)
 - A. Based on the activities and programs that the situations are undertaking.
 - B. The Remoteness of certain area.

- C. Allocations are made some times based on political commitment.
- D. Priority is given for ongoing projects.
- E. Others(please specify) _____
- 3) What Factors influence the allocation of recurrent budget during recurrent budget preparation?
- A. Last year's performance of the institutions.
- B. The number of employees working in the organization.
- C. Activities the recur /happen/ each year
- D. Others(Please specify) _____
- 4) The budgeting department of your Bureau is structured under the following departments.
- A. The department is separately structured
- B. The department is structured under finance department as a section.
- C. The department is structured under planning department as a section.
- D. The department is structured under both planning and Finance department as a section.
- E. Mention other departments (If any)
- 5) The Regional education bureau budget is prepared by the involvement of each department every year.
- A. Always-B. Sometimes C. Rarely D. I don't know
- 6) If your response to question 5 above is sometimes or rarely what is the impact on budget preparation and utilization of education finances of your bureau including those institutions whose budget is requested at regional level?
- A. The annual budget is not timely requested.
- B. The requested budget lacks equity between institutions
- C. Some important education activities that recur every year may be forgotten
- D. Results in budget deficit on some important planned activates.
- E. Educational initiations may raise the question of justice or equity or fairness of the allocation.
- F. Please mention other reasons (if any)_____
- 7) How many bilateral and multilateral governments or organizations (NGO^s/ are supporting education budget currently in your region?
- A. 1 – 2 B. 3 – 4 C. 5 – 6 D. 7 – 8 E. Above 8

- 8) Which budget sources are more flexible to property and efficiently utilize?
 A. Government treasury B. Loan C. Assistanes
 D. Mentions sources if any
- 9) Does the budget allocated for your bureau timely released as requested by your organization?
 A. Always released timely B. Some times released late
 C. It is not released timely D. I don't know
- 10) If your response to question No 9 above is some times released late or it is not released timely, what do your think are the possible reasons? (You can give more than one answer)
 A. Reporting requirement of donor funds
 B. Reporting requirement of Government sources
 C. The bureau does not request its approved budget timely.
 D. The BOFED causes the delay
- 11) If your response to question No 10 above is reporting requirement for both government funds or donor funds or the bureau does not request its approved budget timely would you comment on these mentioned problems? _____
- 12) To extent does the finance department of your bureau is equipped or organized with human and material resource to accomplish its accountability?
 A. Very high B. High C. Moderate D. Low E. Very low
- 13) How do you rate the degree of qualified and experienced personnel working in the area of finance to quit the job and join another organization?
 A. Very high B. High C. Moderate D. Low E. Very low
- 14) What the rate of turn over is of experienced and trained personnel working in the finance department?
 A. Very high B. High C. Moderate D. Low E. Very low
- 15) What is the rate of transfer of personal from the finance area to another department within your dorsa?
 A. Very high B. High C. Moderate D. Low E. Very low
- 16) If your response to questions No 13.14 and 15 consecutively is very high or high what do you think is the possible reasons for quitting the job, turn over, and transfer of personnel from the finance department? (You con give more than are answer)

25) Please your opinion, comments and suggestions regarding the factors that affect utilization of educational finance of the region.

The Following factors are assumed to hinder the efficient utilization of education finance in your region. (The Finance Sources could be Government treasury, Aid or Loan). The factors are given aerating scale showing its severity. Rank them as follows:

Rank 1. Very low 2. Low 3. Medium 4. High 5. Very high

<u>No</u>	<i>These are Factors that hinder the efficient utilization of Education finance and problems in the preparation and execution of budget</i>	<i>Rating Scale</i>				
		1	2	3	4	5
1	The budgeted sources are not released according to the physical plan of Education activities.					
2	Some budget sources need excessive pre-Conditions to be released and being utilized.					
3	Purchasing materials for education activities require long pro cerement pro cusses and bid processes.					
4	In a adequacy of qualified and Experienced personnel in the area of pro cerement in the bureau.					
5	In adequacy of qualified and experienced personnel in the area of finance in the bureau.					
6	Lack of adequate training for procurement, finance and budget section.					
7	Turn over of personnel from both procurement finance and budget section.					
8	In adequate /absence/of good organizational structure for both procurement and finance department.					
9	In adequacy in financial decimalization of some Aid and Loan					

	sources.					
10	Absence of separate finance department at woreda Education office level to report financial performance to regional education bureau.					
11	Delay in budget request and financial expiator report at the region al education bureau level.					
12	Poor record keeping for financial documents.					

Appendix E

Part Four

Interview Guide for Regional Finance and Economic development bureau budget and disbursement experts.

1. How do you priority budget allocation for different sectors in the Region? What are the criteria?

2. What is the level of participation of each sector during the preparation or annual budget? Who directly participate in the activity?

3. What is the time schedule to request, submit and approval of annual budget of different sectors in the Region?
4. Does the time schedule to request and submit for approval of the annual budget properly obeyed by the regional education bureau?

5. For what level of education does the regional education bureau is accountable to request budget?

6. How do you treat budget for the other level of education, which is not, included the regional education bureau annual budget?

7. What are the factors that should be considered in the budget preparation for education sector from region down woreda education office?

8. Does the regional education bureau submit its annual budget requisition as of your schedule?

9. What is the process of annual budgeting from budget requisition to approval?

10. How the woreda block grant budget is allocated to each woredas? What are the criteria?

11. How the approved budget is disbursed to regional bureau and woredas?

12. What is the mechanism to evaluate the financial performance /budget execution/ of Regional bureau and woredas?

13. Is the annual budgeted amount is exhaustively vitalized by the education bureau or woreda effaces?

14. How do you comment the capacity of regional education bureau to request, submit annual budget time?

15. Does the regional education bureau report the financial expenditure as required by the regional finance and Economic development bureau?

16. What Measures are taken by the Regional Finance and Economic development bureau if the regional Education bureau does it Report financial pert or manual timely?

17. What is your General Comment on educational budget preparation up to the execution of the collocated budget troth the sector?

Appendix F

Table 7 Total Budget Allocated to the Selected Sample Woredas and the Share of Education (1998 EFY)

No	Name of woredas	Total Budget Allocated			Budget located to Education			Percentage share of Education
		Capital	Recurrent	Total	Capital	Recurrent	Total	
1	Kimbibit	162000	6637,919	6,637,919	150,000	2,778,998	2,928,998	44.13(6)
2	Girar Jarso	159304	5,243,882	5,403,186	9,304	1,865,890	1,875,194	34.71(10)
3	Boset	385152	7,317,890	7,703,042	-	3,054,308	3,054,308	39.65(8)
4	Lume	466500	6,078,375	6,544,875	130,000	2,227,404	2,357,404	36.02(9)
5	Shashimane	932612	9,486,910	10,419,522	395,980	5,189,724	5,585,704	53.61(3)
6	Arsi Negelle	150978	9,878,365	10,029,343	-	5,844,220	5,844,220	58.27(2)
7	Tiyo	270796	7,948,097	8,218,893	150,000	4,144,886	4,294,886	52.26(4)
8	Hetosa	309000	8,846,862	9,146,862	-	5,765,654	5,765,654	63.03(1)
9	Walmara	-	7,076,389	7,076,389	-	2,813,414	2,813,414	39.78(7)
10	Dandi	122184	8,951,228	9,073,412	116,180	4,426,577	4,542,757	50.00(5)
	Total	2949526	77,303,917	80,253,443	951,464	38,111,075	39,062,539	48.67

Appendix G

Table 8: Capital Budget Allocation of Woredas and Share of Education (1998 EFY)

<i>No.</i>	<i>Name of Woreda</i>	<i>Total Capital Budget allocated</i>	<i>Capital budget allocated to education</i>	<i>Percentage share of education</i>
1	Kimbit	162,000	150,000	92.59(2)
2	Girar Jarso	159,304	9,304	5.84
3	Lume	466,500	130,000	27.87
4	Shashimane	932,612	395,980	42.06(4)
5	Arsi negelle	150,978	-	-
6	Tiyo	270,796	150,000	55.39(3)
7	Hetosa	300,000	-	-
8	Dandi	122,184	116,180	95.07(1)
	<i>Total</i>	<i>2,564,374</i>	<i>951,464</i>	<i>37.10</i>

Appendix H

Table 10: Capital Budget Allocation of Selected Sample Woredas and Percentage Share of Education 1999(EFY)

<i>No.</i>	<i>Name of Woreda</i>	<i>Total Capital budget allocated</i>	<i>Capital budget allocated to Education</i>	<i>Percentage Share of Education</i>
1	Kimbibit	-	-	-
2	Girar Jarso	-	-	-
3	Boset	-	-	-
4	Lume	-	-	-
5	Shashimane	406,170	1821	0.45%
6	Arsi Negelle	251,000	-	—
7	Tiyo	707,952	52,448	7.41%
8	Hetosa	-	—	—
9	Walmara	383,179	60,000	15.66%
10	Dandi	-	—	—
	<i>Total</i>	<i>1,748,301</i>	<i>114,269</i>	<i>6.54%</i>

Appendix I

Table11: Recurrent Budget Expenditure of 1996 Ethiopian Fiscal Year for the Selected Woredas

<i>No.</i>	<i>Name of Woredas</i>	<i>Total Weredas Approved Budget</i>	<i>Total woreda Adjusted Budget</i>	<i>Total woreda Expenditure</i>	<i>Over/under</i>	<i>Approved share of education</i>	<i>Adjusted Budget of Education</i>	<i>Execre Educ</i>
1	Kimbibit	4,972,827	4,909,251	4,873,583.55	35,667.45	1,777,556	1,843,160.01	1,835,9
2	Girar Jarso	6,770,494	6,839,098	6,625,376.91	213,721.09	3,539,702	3,633,472.52	3,529,0
3	Boset	5,505,427	5,486,829	5,443,626.37	43,202.63	1,777,341	1,765,745.72	1,759,4
4	Lume	7,420,739	7,417,186.77	7,328.35	88,452.42	3,160,436	3,145,930.72	3,142,4
5	Shashimane	12,048,976	11,945,522.31	11,610,591.44	334,930.87	6,708,706	3,145,930.81	6,777,0
6	Arsii Negale	7,574,216	7,549,094.25	7,414,714.46	134,379.79	4,080,275	6,870,306	4,084,9
7	Tiyo	13,643,259	13,637,165.24	13,549,162.76	89,002.48	9,476,701	4,123,568.20	9,553,4
8	Hetosa	6,607,912	6,660,344	6,629,617.66	30,726.34	4,181,379	9,570,540.42	4,180,4
9	Walmara	9,243,477	9,847,740	9,127,304.26	120,620.74	4,820,397.00	4,782,721	4,735,4
10	Dandi	6,981,540	6,847,740	6,722,037.03	125,702.97	3,032,066.00	3,032,381	2,954,0
	Total	73,787,327	80,540,155.57	72,043,342	1,089,703.81	42,554,859	31,577,921.79	4,255,3

Appendix J

Table 12 Recurrent Budget Expenditure of 1997 Ethiopian Fiscal Year for Selected Woredas

<i>N o.</i>	<i>Name of Weredas</i>	<i>Total Woreda Approved Budget</i>	<i>Total woreda Adjusted Budget</i>	<i>Total woreda Expenditure</i>	<i>Over/under</i>	<i>Approved share of education</i>	<i>Adjusted Budget of Education</i>	<i>Expenditure on Education</i>	<i>Over/under</i>
1	Kimbibit	5,375,166	5,600,734.25	5,562,605.69	38,128.56	2,292,674	2,355,740.87	2,349,887.73	5,853.14
2	Girar Jarso	4,327,091	4,535,504.45	4,279,799.22	255,704.22	1,283,528	1,479,612.55	1,475,054.85	4,557.70
3	Boset	5,728,512	6,385,335.40	6,336,162.53	52,172.87	2,021,188	2,386,963.60	2,366,586.87	20,376.73
4	Lume	7,454,890	8,085,277	7,915,835.32	169,441.68	3,279,054	3,670,839.28	3,633,410	37,429.28
5	Shashimane	7,916,930	8,526,610	8,185,017.51	341,592.49	3,854,187	4,259,202.35	4,187,913.31	71,289.04
6	Arsii Negale	7,851,461	8,657,588.60	8,502,667.04	154,921.56	4,458,367	4,850,559.90	4,839,642.24	10,917.66
7	Tiyo	6,912,701	7,274,565.11	7,202,210.67	72,354.44	3,323,517	3,612,390	3,594,124.25	18,266.24
8	Hetosa	7,136,083	7,860,058	7,569,769.97	290,288.03	4,410,627	4,956,299.36	4,816,905.57	139,393.79
9	Walmara	7,328,735	7,606,815	7,342,164.47	264,651.33	3,147,128	3,327,321.68	3,236,491.55	90,830.13
10	Dandi	7,102,837	7,519,454.16	7,447,835.29	71,618.87	3,162,950	3,563,386.04	3,558,759.79	4,626.25
	Total	67,134,406	72,054,941.97	70,344,067.71	1,710,874.71	31,233,220	34,462,315.63	34,058,776.16	40,3539.47

Appendix K

Table 23: Oromia Regional State Budget and the Share of Education (in Millions Birr).

No	Description	Years			
		2001/2	2002/3	2003/4	2004/5
1	Regional Government Total Budget	1,924.2	1,600.2	2,283.10	2,341.20
1.1	Capital	480.80	227.30	380.0	477.0
1.2	Recurrent	1,443.30	1,372.90	1,903.10	1,864.20
2	Share of Education	749.30	676.70	798.40	864.0
	Percentage (%) share	38.90	42.30	34.90	36.90
2.1	Capital	129.70	13.30	31.70	44.10
	Percentage share	26.90	5.80	8.30	9.20
2.2	Recurrent	619.60	663.40	766.70	819.90
	Percentage share	42.90	48.30	40.20	43.90