



**ADDISABABAUNIVERSITYCOLLEGE OF BUSINESS AND ECONOMICS  
DEPARTMENT OF PUBLIC ADMINISTRATION AND DEVELOPMENT  
MANAGEMENT**

**Assessment of Public Budget Allocation Practices: the case of BOFED  
of the SNNPRS**

**Prepared by: Mulugeta Dassa**

**Advisor: Elias Berhanu (PhD)**

**A Thesis Submitted to the School of Graduate Studies of Addis Ababa University in Partial  
Fulfillment for the requirements Master's Degree in  
Public Management and Policy (MPMP)**

**May 2017  
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### **Statement of Declaration**

I, MulugetaDassa have carried out independently a research work on “Assessment of Public Budget Allocation Practices: the case of BOFED of the SNNPRS” in partial Fulfillmentfor the requirements Master’s Degree in **Public Management and Policy** (MPMP) with the guidance and support of the research advisor. This study is my own work that has not been submitted for any degree or diploma program in this or any other institution.

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

This is to certify that the thesis prepared by Mulugeta Dassa entitled “*Assessment of Public Budget Allocation Practices: the case of BOFED of the SNNPRS*” which is submitted in Partial Fulfillment for the requirements Master’s Degree in Public management and Policy (MPMP) complies with the regulations of the university and meets the accepted standards with respect to originality and quality.

**Signature by the Examining Committee:**

**Advisor:** -Dr. Elias Berhanu

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**Internal Examiner**

Signature \_\_\_\_\_ Date \_\_\_\_\_

**External Examiner**

Signature: \_\_\_\_\_ Date \_\_\_\_\_

**Chair of Department or Graduate Program Coordinator**

Signature \_\_\_\_\_ Date \_\_\_\_\_

## Abstract

*The general objective of this study is to assess the public budget allocation practices of BoFED of SNNPRS from the perspective of public budget allocation principles in participation and transparency. The study was mainly interested to assess if the budget allocation practices of BoFED follows participation and transparency as a major guiding principles. To this end, the study employed a descriptive cross sectional research design in which both qualitative and quantitative research approach were employed in data collection and analysis. From the quantitative approach, a survey method was employed to gather quantitative data on respondent's attitude on participation and transparency. On the other hand, in order to supplement data obtained through the questionnaire, the researcher have interviewed six key informants of the three core process and both primary and secondary sources of data were also reviewed to gather the required type of data. Research respondents were included from agencies and other bureaus which are the direct budget user of the bureau. Hence, twenty bureaus outside of BoFED and who get their budget from the bureau were included in the study being represented by six respondents from each budget users. The study finding indicate that more than half percent of the respondent agree that budget process of BoFED involve budget users in setting their final budget and average respondents also agree that budgeting process of BoFED encourage budget users to participate in all budget stages. The study also attempted to see if there exist mechanisms established by BoFED to ensure budgetary participation of budget user. To this end, more than half percent of the respondents believe that there is a mechanism already established by the bureau to participate budget users in all budget stages. However, the study also found that the bureau does not provide enough explanation to budget users in case of budget revision. Budget users make less influence on the final budget and there is no enough mechanism to participate the budget users in budget process. Besides, the bureau make less discussion with the budget users during budget preparation and respondents reported that the bureau make only limited request to get budget users opinion when budget is prepared. On transparency issue, the study also found that though enough and clear budgetary information is available to all budget users, this information is easily accessible to all budget users. Hence, the result of the study revealed that the level of transparency with regard to full disclosure of all relevant budget information was not satisfactory. The study found that more than the average respondents believe that budget distribution among budget users are based on review of their previous budget performance whereas the remaining respondent do not believe that budget distribution of the bureau is bases performance based reviews of the budget users. The study also found that bureau faces different challenges in the process of budgetary participation and transparency, these includes failure of budget users to plan and report on schedules, lack of commitment among budget users, lack of effective budgetary system among some budget users. To this end the researcher made a recommendation for the bureau to work in close supervision with them to address these problems. Based on the above findings the study recommended for participation, the bureau should consider and look for options that engage the budget users in all budget process and it should communicate the budget users in case of budget revision. Moreover, it should make frequent discussion with budget users during budget preparation and provide a room for budget users to provide their opinion on the overall budget process of the bureau. On the issue of transparency, the bureau should establish a means by which all budget users can equally and easily access the available budget information and budget distribution should be based on performance review of all budget uses. On top of these all, in order to address the pre-stated challenges that the bureau faces in the process of budgetary participation*

*and transparency, it should work in close supervision with all budget users and needs to establish effective mechanisms which can increase budget user's involvement and commitment in all budget process.*

**Key Words:** *Public Budget, Principle Of Budgeting, Budget Users, Budget Participation, Budget Transparency*

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### **List of Abbreviation**

<b>ADLI</b> .....	Agricultural Development Lead Industry
<b>BOFED</b> .....	Bureau of Finance and Economic Development
<b>CSA</b> .....	Central Statistical Agency of Ethiopia
<b>EFY</b> .....	Ethiopian Fiscal year
<b>EMCP</b> .....	Expenditure Management and control program
<b>IMF</b> .....	International Monetary Fund
<b>MEFF</b> -----	Macro-Economic and Fiscal Framework
<b>MOFED</b> .....	Ministry of finance and Economic Development
<b>MTEF</b> .....	Medium Term Expenditure Framework
<b>OECD</b> .....	Organization for Economic Co-Operation and Development
<b>OFAG</b> .....	Office of Federal General Auditor
<b>ORAG</b> .....	Office of Regional Auditor General
<b>PFM</b> .....	Public Finance Management
<b>SAP</b> .....	Structural Adjustment process
<b>SNNPRG</b> .....	Southern Nations, Nationalities, and Peoples' Regional Government
<b>SNNPRS</b> .....	Southern Nations, Nationalities, and Peoples' Regional State
<b>TOFED</b> .....	Town Administration office of finance and Economic development
<b>UNICEF</b> .....	United Nations International Children's Emergency Fund
<b>WOFED</b> .....	Woreda Administration office of finance and economic development
<b>ZOFED</b> .....	Zonal Administration office of finance and economic development

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## CHAPTER ONE: INTRODUCTION

### Background

The budget is considered as the life-blood of the government, the financial reflection of what the government does or intends to do. The budgetary system and the public budget process have impacts on the way government operates. Thus, the cornerstone of developing financial systems in countries starts with the development of the public budget. Also, the public budget contributes to human development, economic growth, and governing. Therefore, international organizations, donors, and civil society organizations advocate budget transparency and participation toward better governance (Albas Sam, 2015).

According to Zander (1996) participation is an essential ingredient in the budget process to ensure efficient provision and more equitable distribution of budgetary allocations. On the other hand, Transparency enables citizens and civil societies to hold the government accountable, which they can only do if they have information on budget policies, practices, expenditures and outcomes (IMF, 2007).

It also generally regarded as a key feature of good governance, and an essential prerequisite for accountability between states and citizens (McGee and Gaventa, 2010).

The trend toward greater openness in public budget processes has resulted from the confluence of several factors. These include pressures from 'above' most notably the International Monetary Fund (IMF) – as well as from 'below', as the number of civil society 'budget groups' has mushroomed since the early 1990s. The most well-known civil society actor to promote engagement with public budgets is the International Budget Partnership (IBP).

Transparency allows the analysis of state policies and facilitates the identification of weaknesses leading to the implementation of improvements needed.

Transparency increases trust in the state as well as enables citizens and civil society to hold the government accountable, which they can only do if they have information on budget policies, practices, expenditures and outcomes.

Kitunzi (2003) argues that fiscal transparency leads to better informed public debate about the design and results of fiscal policy, makes governments more accountable for the implementation of fiscal policy, and thereby strengthens credibility and public understanding of macro-economic policies and choices. Some of the prerequisites for successful fiscal transparency practices are: political will and commitment to fighting corruption and mismanagement, citizen participation, freedom of expression and of the media, and access to information.

Implementation of development strategies require effective participation of citizens and government budget execution legal framework, for which a well-functioning public financial management (PFM) system is a requisite. The properly functioning public financial management system requires, among other things, good budget documentation, comprehensiveness and transparency of information provided to the public, and the ability of the public to demand accountability from the government in the allocation of budgetary resources. Given this back drop about the imperatives of transparency and participation coined with it, it is worthwhile to understand the practices of the public institutions in terms of how well they are performing in terms of transparency and participation with regards to budget allocation.

Ethiopia has, over the last several years, began implementing major reform programs to empower citizens as well as enhances public sector efficiency, effectiveness, transparency and accountability. The Constitution of Ethiopia is the foundation of the ongoing efforts in building

democratic and good governance system. These efforts in turn aim to realize those relevant provisions established in the Constitution (MoFED, 2009).

Disclosing information about the federal and regional budget is through budget proclamation - Negarit Gazette. Before this, electronic Medias carry out live transmission of the coming year budget when the Minister of Finance and Economic Development present it to the House of People Representatives (HoPR) through his budget speech. Subsequently, the House's Budget and Finance Standing Committee invites citizens and their organizations for a public hearing on the budget where the objective, the focus, allocations and the financing of the budget is highlighted and discussed. There is live transmission (TV and radio) of the debate on the budget by the House during approval.

To sum up, this paper assesses the experiences of BoFED regarding its budget allocation practices from the participation and transparency principle. Thus, having assessed these issues, the paper puts forward viable recommendations for decision makers regarding the gaps identified on budgetary participation and transparency.

### **1.1. Statement of the Problem**

Participation and transparency in budget allocation are becoming the central issues to accelerate development and to consolidate democracy and good governance in the increasingly demanding society. Transparency also in government operations is an important precondition for macroeconomic fiscal sustainability, good governance, and overall fiscal integrity (Kopits and Craig, 1998).

Besides to this, for effective use of resources and to gain an understanding of how public funds have been utilized, and how they contribute to government policies, it is important to monitor the results of expenditure. This has led to the establishment of government monitoring and evaluation (M&E) systems.

According to MOFED (2012) the significance of the involvement of citizens and civil society's organizations (CSO) in budget allocation to enhance more participation and transparency to achieve millennium development goal is not debatable. But the implementation usually faces difficulty because of lack of clear resource allocation, lack of good governance, and lack of commitment and knowledge (MoFED, 2009). Moreover, transparency and accountability is one of the key pillars of the government's protection of basic Services national program. As part of this project, the government intends to significantly improve the disclosure of budget and expenditure information at regional and Woreda levels (MoFED, 2009).

As the budget users of this sector are many and very wide, the resource allocation and implementation to achieve an expected goal is greatly complex. This sector is also one of the

important sectors to accelerate the achievements of sustainable development goal which supports all sectors in the region by allocating the resources in the priority areas to meet MDGs as well as the current Grand National plan's (GTP's) objectives. It evaluates the performance of the sectors by auditing the projects and services provided. At regional level, the budget distribution process mainly undertaken by the regional level BoFED for public sector offices under its budgetary supervision. To this end, regional BoFED plays a central role in budget allocation and controlling process. Thus, the reason that the researcher selected regional BoFED in regards to budgetary transparency and participation in this study is because the BoFED is an umbrella organization that plays a central role in budgetary allocation, distribution and monitoring at regional level.

Based on the assumption that budget allocation and utilization processes to be effective in economic, it should be participatory, transparent and accountable (MoFED, 2009), the researcher become interested in assessing the existing practices of this umbrella organization in budget allocation and distribution process from the view points of transparency and participation.

In addition to this, the researcher's experiences and exposures with BoFED inspire to assess the existing budget practices of the bureau especially from participation and transparency issues.

Research conducted by Birhanu (2011) on evaluating the budget practices of Ethiopian indicated that the challenge in budgetary transparency in Ethiopia is timely accessing of budget information. To this end, the timeliness of budget information was a primary concern of most researchers. In addition, Mohamed (2015) on his study entitled "Medium term expenditure and budgetary practice in Ethiopia" found that drafting of the public budget in Ethiopia is neither transparent nor open to the public (P.36). He added that the publication of the outcome (Federal Budget) is a step towards openness and transparency. However, since most researches on the issue of transparency and participation focused on the overall federal contexts and the researcher found a limited literature and research finding to the context of SNNPR especially in BoFED focusing on public budget transparency and participation. The finding to be obtained from this study is assumed as to fill this literature gaps.

Hence, researcher's interest in this regard is to assess to what extent the practices of budget allocation of SNNPR BoFED goes in congruence with the expected budgetary allocation

principles such as participation and transparency.

Therefore, the overall objective of this study is to assess public budget allocation practices of BoFED of SNNPR in light of participation and transparency principles.

## **1.2. Objectives of the study**

### **1.2.1. General Objective**

The general objective of the study is to assess the public budget allocation practices of BoFED of SNNPR from the perspective of public budget allocation principles.

### **1.2.2. Specific Objectives**

- To examine budget preparation process of BoFED from the perspectives of budget participation principle
- To identify mechanisms employed to ensure public participation in budget allocation in BoFED
- To assess mechanisms employed to ensure transparency in budget process of BoFED
- To assess challenges encountered by the bureau to ensure public participation and transparency in budget process

## **1.3. Research questions**

- Do the budget preparation processes of BoFED aligned with budget participation principles?
- What mechanisms are used for ensuring public participation during budget allocation?
- What mechanisms are used for ensuring transparency during budget allocation?
- What challenges does the bureau encounter in following the budget principles?

#### **1.4. Scope of the study**

The study has both geographic and thematic scope. The thematic scope of this research is limited to the assessment of budget allocation principles such as participation and transparency.

On the other hand, the geographic scope of the study is limited to the assessment of these issues within BoFED of SNNPRS. The reason that the researcher has selected the SNNPR BoFED is first because the bureau is easily accessible for the researcher in terms of location advantage. Second, the bureau acts as an umbrella organization for government organization regarding regional finance system and to this end the researcher assumed that it is advantageous to see participation and budgetary transparency within this central organization. Third, the bureau as an umbrella organization, it distributes the budget among diversified ethnic population in the region. Thus, in this regard, the researcher was interested to see if the budget is allocated among these population following participatory and transparency budget principles. Finally, regarding the time that the study covers, it is limited to assess the budget allocation experiences of the bureau between years 2007-2008 E.C.

#### **1.5. Significance of the Study**

The researcher believes that the result of this research will have the following significances. Apart from being the requirement for fulfillment of Master's Degree in Public Administration, the research report will be beneficiary in recommending relevant issues on participatory and transparent budgeting in the bureau.

It will also contribute by raising the awareness among the budget users and help them improve their current budgetary practices. Besides, the result of this study also can raise awareness of other concerned body (citizens, civil society's organizations and stakeholders) on the role of transparent and participatory budget allocation for sustainable development by learning lessons from the experiences of the unit under investigation (BoFED).

Moreover, this research will also serve as spring board to the future studies on the issue of budgetary participatory and transparency in this study unit and others.

#### **1.6. Limitation of the study**

When the research was conducted the researcher faced some challenges. That is, there was lack

of research studies and availability of sufficient current literature on the topic. However, the researcher tried to navigate from different secondary sources related to budget participation and transparency.

### **1.7. Organization of the paper**

This research paper is organized in to four chapters. The first chapter deals with the background, statement of the problems, objectives of the study, significance of the research, and scope of the study and organization of the paper. The second chapter on the other hand deals with both theoretical and empirical literatures on the subject of public budget allocation transparency and participation principles and practices. The third chapter focuses on the description of study area and detail research methodological issues.

Under the fourth chapter, major study findings are presented in detail together with their analysis and interpretations. Finally, the fifth chapter deals with major study conclusion and provision of relevant recommendations for the study bureau on the issues of budget participation and transparency based on the study findings.

## CHAPTER TWO: REVIEW OF RELATED LITERATURES

### 2.1. Theoretical Literatures

#### 2.1.1. The Concept of Budget

The English word “budget” derives from the Middle French *bougette*, which is the diminutive of *bouge*, a leather bag. At its most basic, therefore, a budget is a small leather bag. During the middle Ages in England, letters of particulars about taxes and spending were brought before Parliament by putting them in a small leather bag, which was placed on a table before the assembly. As centuries passed, the word came to be applied to the contents as well as to the bag itself, though originally only in the sense of a group of things (Quick & New, 2001).

The meaning of the term has, of course, changed since the days when a country's resources were deemed to be the personal property of the king, along with the political evolution from absolute monarchies to constitutional governments. In most countries to day, including a majority of African countries, approval of the budget (the “power of the purse”) is the main form of legislative control over the executive, with public money spent only under the law (Shah & Von, 2007).

Budget in modern times, on the other hand means the document which contains estimates of revenue and expenditure of country usually for the fixed period of time usually for one year. Budget is one of the few words that command a definite meaning in almost all the contexts it appears. It carries with it the message of an estimate of resource expected for an entity both in value and source and how the resources will be spent for an identified period of time. All entities, individuals, corporations, organizations and governments can make budgets (OECD, 2014).

#### 2.1.2. Principles of Public Budgeting

Literatures on public budget indicate that a budget process needs to be governed by principles like participation, transparency, accountability, equity and inclusiveness. These are the ideals but not all budgets follow them. Each budget system should be considered in terms of these standards (OECD, 2014).

### 2.1.2.1. Participation in Public Budgeting

Participation as one important principle of budgeting is the level of involvement of all stakeholders in the budget process directly or through legitimate intermediaries. According to Shapiro (2001) the process of budget preparation, approval, implementation, and control needs participation of various stakeholders. He added that it is through participation of people that one can bring people's perspectives to the policy makers. It also allows citizens to hold the government accountable, to identify weaknesses in a budget, to build consensus, and to mobilize the community effectively to meet budget targets.

Participation in a budget process is not a luxury; it is rather a basic right of all citizens. It allows members of the community to raise what is important for them and, hence, influence budget allocations. It also allows different layers of government to know the most and unmet demands of the community. By doing so, the government and the community can mobilize resources, provide more equitable distribution of budgetary allocations (without discrimination based on gender, ethnicity, region, rural/urban, and vulnerable groups) and effectively spend the resources. Thus, participation is an essential ingredient in the budget process to ensure efficient provision and more equitable distribution of budgetary allocations (Shapiro, 2001)

As Zender (1996) discussed through active participation in the budget process, people could stop money or resources being allocated to activities that would threaten their economic rights or ensure they receive compensation for rights they have been denied. The quality and extent of citizen participation in the budget process emerges as a key factor determining the potential impact of the sector. Simply placing more budget information in the public domain will not have an impact unless citizens can understand it, and have the legal and institutional channels to use it. Moreover, Peters (1998) added that citizen participation is inherent to discussions of "hybrid" or "diagonal" accountability; as such processes involve the engagement of citizens with oversight institutions that have not traditionally been open to the public. Participatory budgeting (PB) in its various forms represents one of the most prominent state-led initiatives.

Frank (2006) provides a highly detailed review of recent PB initiatives in Latin America as well as a useful discussion of the origins of PB, which he defines broadly as a process by which citizens, either

as individuals or through civic associations, may voluntarily and regularly contribute to decision-making over at least part of a public budget through an annual series of scheduled meetings with government authorities.

As to Shah and Von (2007) we may also consider smaller scale initiatives that encourage greater public participation in determining budget priorities. These include gender budgeting initiatives, children's budgets and other efforts by marginalized groups to develop "alternative" budgets that highlight their priorities. Decentralization has also led to an increase in opportunities for participation in local budget processes.

### **2.1.2.2. Transparency of Public Budgeting**

Transparency as an important principle of public budgeting refers to the provision of comprehensive, accurate, timely and frequent information to the stakeholders in appropriate formats about the budget process. It is also related to the existence of clearly defined rules, procedures, and regulations on the basis of which budget decisions are made. This information should be made available, accessible and understandable to the general public and open to public scrutiny. Transparent budget system allows citizens and civil societies to hold the government accountable, motivates the general public to participate, and helps to mobilize the community effectively to meet budget targets (MOFED, 2010).

Transparency in government finances implies openness about fiscal policy intentions, formulation and implementation (OECD 2002; and Kopits & Craig 1998). Several studies have found that fiscal transparency is associated with improved fiscal discipline, government structure and functions, fiscal policy intentions, public sector accounts, and projections. It involves ready access to reliable, comprehensive, timely, understandable, and internationally comparable information on government activities, better credit ratings and reduced corruption (Alesina & Perotti 1996; Hameed 2005; Alt & Lassen 2006). Others argue that citizens and taxpayers are entitled to full disclosure with regard to the management of public money to ensure participation and accountability in policy processes (Folscher, 2002).

According to McGee and Gaventa (2010) transparency can increase faith in the state, and can contribute to consensus building and commitment. Besides, transparency enables citizens and

civil society to hold the government accountable, which they can only do if they have information on budget policies, practices, expenditures and outcomes. It is generally regarded as a key feature of good governance, and an essential prerequisite for accountability between states and citizens (IMF, 2007).

According to Economic Commission for Africa (2002) fiscal or budgetary transparency considered as “*an environment in which the objectives of policy, its legal, institutional, and economic framework, policy decisions and their rationale, data and information related to monetary and financial policies, and the terms of agencies’ accountability, are provided to the public on an understandable, accessible, and timely basis.*” As a result of this increased focus on the provision and quality of budgetary information, several organizations have developed international guidelines and measurement frameworks.

Regarding the other role of transparency in public budgeting, Transparency allows the analysis of state policies and facilitates the identification of weaknesses leading to the implementation of improvements needed. Transparency increases trust in the state as well as enables citizens and civil society to hold the government accountable, which they can only do if they have information on budget policies, practices, and expenditures outcomes.

Kopits and Craig (1998)

observed, “Transparency in government operations is an important precondition for macroeconomic fiscal sustainability, good governance, and overall fiscal rectitude.” Alt and Lassen (2003) confirmed that fiscal transparency is indeed associated with lower public debt and deficits, even taking into account other explanations for public debts and deficits.

Kitunzi (2003) argues that fiscal transparency leads to better informed public debate about the design and results of fiscal policy, makes governments more accountable for the implementation of fiscal policy, and thereby strengthens credibility and public understanding of macroeconomic policies and choices. Some of the prerequisites for successful fiscal transparency practices are: political will and commitment, commitment

ent to fighting corruption and mismanagement, citizen participation, freedom of expression and of the media, and access to information.

In Africa the formal system of “check and balance” between government entities involved in the budget process is enshrined in most constitutions and is designed to promote transparency and accountability in public expenditure management.

However, though the evidence suggests that mechanisms of horizontal accountability such as parliamentary budget committees and audit institutions are beginning to play a more prominent role in the budget process across the continent, they still face many constraints that make it difficult for them to hold the executive accountable for misappropriation of public funds (McKie and Vande Walle, 2010).

The generic definition of transparency can be interpreted specifically for the field of the budget study. Transparency is also understood as openness toward the public at large about government structure and functions, fiscal policy intentions, public sector accounts. It involves ready access to reliable, comprehensive, timely, understandable, and internationally comparable information on government activities so that the electorate and financial markets can accurately assess the government’s financial position and the true costs and benefits of government activities, including their present and future economic and social implications. Note the elements highlighted in this description (Kopits and Craig, 1998).

Robinson (2006) moreover explains the trend toward greater openness in public budget processes as resulting from the confluence of several factors: the democracy and good governance agenda of the 1990s, the emergence over the past two decades of a large number of independent “*budget groups*” in developing and transitional countries, the political momentum around participatory budgeting with its origins in Porto Alegre in the mid-1980s, and a growing recognition of the centrality of state budgets in reflecting government policy preferences at a time that public expenditure management has become an increasingly important facet of development policy.

Philips and Stewart (2009) argue that current fiscal transparency norms are linked to two broader developments- a “neoliberal” turn in economic policy in the 1990s emphasizing fiscal discipline

and are new focus on reforms that promote good governance. They posit that the link to fiscal discipline helps to explain why the International Monetary Fund (IMF) has taken up the mantle of transparency. Furthermore, general budget support has become a preferred instrument for many foreign aid donors, who may now take a greater interest in transparency in order to ensure that the funds they put into general government coffers are spent appropriately.

Philipps and Stewart (2009) also hold that the IMF Code is the dominant model, though it has now been adopted by a number of other influential actors, including the World Bank, financial regulator, and private sector investment analysts, the OECD, foreign aid donors and non-governmental organizations (NGOs).

Robinson (2006) identifies two dimensions of transparency that are especially pertinent to the budget process: (i) transparency around the sources of data and information used to frame decisions on revenue priorities and expenditure allocations and (ii) transparency in the budget process. He argues that both forms of transparency can help to reduce the scope for corruption. In the context of federalism, it may also be important to consider transparency *between* different levels of government.

Kaufmann and Bellver (2005) examine various definitions of transparency and find that underlying all of them; transparency is closely related to accountability. The purpose of demanding transparency is to allow citizens, markets or governments to hold institutions accountable for their policies and performance. The authors also cite a large body of existing research, which shows that countries with more transparent policy environments tend to perform better in international financial markets, better governance, and that transparency can facilitate participation in political processes.

Budget Transparency (BT) is defined as the full disclosure of all relevant fiscal information in a timely and systematic manner. BT is a precondition for public participation in budget processes. The combination of BT and public participation in budget processes has the potential to combat corruption, foster public accountability of government agencies and contribute to judicious use of public funds (OECD, 2002).

More academic efforts to measure budget transparency include Kaufmann and Bellver's (2005)

transparency index and Hameed's (2005) indices of fiscal transparency based on IMF fiscal Report on Standards and Codes (ROSCs). In addition, Rosen and Vreeland (2006) defined transparency by examining patterns of missing data in the World Bank's compilation of statistics on inflation and employment. Islam (2003) adopts a approach, constructing a transparency index based on the frequency with which governments publish information on their real, fiscal, financial and external sectors. More recently, Norris et al (2010) have constructed multi-dimensional indices of the quality of, including a measure of transparency.

Budget related transparency and accountability take a variety of forms and relate to various from the planning stage to budget execution to audit and ex-post oversight. This review considers both state-led and citizen-led initiatives. State-led initiatives are typically designed and implemented by national, regional, or local governments. Relevant examples include establishing mechanisms for participatory budgeting, publishing citizens' guides to the budget and conducting Public Expenditure Tracking Surveys (PETS). Citizen-led initiatives typically emanate from civil society organizations or social movements, and may operate in concert with the state (e.g. publishing popular versions of government budget documents) or in confrontation (naming and shaming public officials found guilty of misallocating public funds).

### **2.1.2.3. Accountability of Public Budgeting**

This refers to answerability of decision makers and implementers with regard to budgetary processes at the formulation, approval, implementation and performance review stages to those whose interests are affected by their actions or inactions.

Accountability refers to the state by which decision-makers and implementers are held accountable in the way the budget is formulated, approved, implemented and its performance reviewed by those whose interests are affected by their actions or inactions.

According to Goetz and Jenkins (2005) Governments should be accountable in all the four phases of budget cycle. Accountability in budget preparation implies whether the government keeps its commitment to stated policy priorities while allocating budget. Accountability in budget approval involves budget conformity with laws and constitution, the agreed budget formula,

budget documents, criteria for allocation of resources among regions and woredas. Emphasis on general public's input in the budget preparation should also be taken into consideration.

In the case of budget execution, account ability demonstrates whether disbursement is in line with what is approved and released without delay. Accountability in budget control refers to the efficient and effective use of public resources. This includes accountability for objects of expenditure (what the state spends the money on), results achieved (meeting objectives for which public funds are spent), reliability and timeliness of audit reports, and transparency of the overall budget process.

Accountability in the state budget has several dimensions: accountability for objects of expenditure (what the state spends on), state performance and results (achieving results or meeting objectives for which public funds are spent), and budget processes that result in best value, quality and service for public money.

According to IMF (2007), accountability in general, requires robust financial management system, robust financial management legislation, independent auditor general and strong parliament, active civil society, strong media, and aware electorate. It is the obligation of power-holders to account for or take responsibility for their actions" (World Bank, 2006).

Goetz and Jenkins (2005) stated that accountability ideally involves both answerability the responsibility of duty bearers to provide information and justification about their actions and enforceability the possibility of penalties or consequences for failing to answer accountability claims (cited in McGee and Gaventa, 2010). Other commonly held distinctions are between, "vertical" and "horizontal" forms of accountability, the vertical referring to that between citizens and the state and the horizontal to internal checks and balances between various branches or organs of the state (Donnell, 1998, cited in McGee and Gaventa, 2010).

Accountability can occur after the fact *ex post* or can be conceived as *ex ante* accountability, when rules, procedures and plans are made transparent in advance of their execution (McGee and Gaventa, 2010).

Accountability in the budget context can be viewed as an answerability of decision makers and implementers with regard to budgetary processes at the formulation, approval, implementation and performance review stages to those whose interests are affected by their actions. Accountability in the state budget has several dimensions: accountability for objects of expenditure (what the state spends on), state performance and results (achieving results or meeting objectives for which public funds are spent), and budget processes that result in best value, quality and service for public money (Diokno, 1999).

#### **2.1.2.4. Equity and inclusiveness**

Equity and inclusiveness refers to ensuring opportunities that will maintain and improve the wellbeing of diverse groups in any given social or political setting in terms of budgetary allocations. Budgets should also be governed by the principles of equity and inclusiveness without discrimination. Budget allocations should be fair and just, and should redound to all citizens equally, without discrimination based on gender, ethnicity, social class, age, geography, etc. In particular, vulnerable sectors of society should not be discriminated against in a budget (IMF, 2007).

#### **2.1.3. Budget Practices**

A budget practice is a procedure that assists in accomplishing a principle and elements of the budget process. It is appropriate for all governments and in all circumstances and situations. Budget practices can be hierarchical that is, one practice can help accomplish another practice.

Budget practices must be clearly related to activities identified in the budget process definition. A practice is not a budget practice unless it specifically contributes to the development, description, understanding, implementation and evaluation of a plan for provision of services and capital assets (Bunch and Straussman, 1993).

## **2.2. Overview of budget allocation practices in Ethiopia**

Since 1997, the USAID has been supporting public financial reform and fiscal decentralization in Ethiopia through Harvard University's the Decentralization Support Activities (DSA) Project. Support for public finance management reform of Regional States was piloted since 2000.

The Kennedy School of Government's technical assistance has been instrumental in helping to enhance governmental transparency and accountability in Ethiopia. The DSA supports the Ethiopian government Expenditure Management and Control (EMC) subprogram of the Civil Service Reform, which is managed by Ministry of Finance and Economic Development (MOFED). The Budget Information System (BIS) and the Budget Disbursement and Accounts (BDA) System implemented with MOFED produced the national budget in a timely manner.

In 2004, the budget was ready six weeks ahead of deadline. When implemented nationally, the BIS/BDA system will enable speedy consolidation of the national budget and accounts, efficient tracking of sector expenditures, and improve fiscal transparency nationwide.

The budget process is guided by a directive (known as Financial Calendar) issued by the Ministry of Finance and Economic Development (MOFED) to all entities listed as public bodies. This directive has a schedule to ensure that planning and budgeting are prepared, approved, appropriated and executed accordingly.

Budget preparation is guided by a document known as Macro-Economic and Fiscal Framework (MEFF) prepared by MOFED. The MEFF provides, among others, forecast of government revenue and expenditure, expenditure financing, the split of aggregate expenditures between federal and regional, and the split of federal expenditures between recurrent and capital.

MOFED prepares annual fiscal plan, which includes identification of the amount of resources (foreign and domestic) known as the resource envelop, the amount of money needed known as the expenditure requirement, setting the block grant amount for regional governments and administrative councils from all sources (domestic and foreign), and split the federal share between capital and recurrent budget.

Following this MOFED prepares the totals of the annual subsidy budgets and notifies the regional governments and administrative councils by February 8 at the latest. This is the starting point of the budget preparation. Ethiopia's budget process has the same four stages (budget preparation, budget approval, budget implementation, and budget control) at all level of jurisdiction (Federal, Regional, and Woreda government).

The first stage - budget preparation - has four phases. Firstly, all public bodies are required to perform all budget preparation activities including mid-year program review for the current fiscal year, preparation of unit costs and work plan for the upcoming fiscal year. This phase facilitates the second phase, submission of budget request in time. The second phase of budget preparation includes a budget call letter issued by MOFED/BOFED to all public bodies. The budget call letter includes recurrent and capital budget ceilings, priority or focal areas to be considered in preparing the budget, submission date of the budget request by public bodies to the respective finance and economic development institutions at all jurisdictions.

Public bodies are required to respond to the budget call by preparing their budget according to the guidelines with their action plan. If a public body fails to submit its budget request with the time specified in the budget call letter, MOFED/BOFED shall recommend a public body's budget based on the information it has. The third phase is conducting a budget hearing (public bodies with MOFED/BOFED).

Based on this discussion and government policies and priorities, total expenditure ceiling, allocated ceilings for each public body; the requested budget will be reviewed, adjusted and consolidated. The last phase is summarization of the recommended budget by MOFED/BOFED/woredato be presented to the executive body, Council of Ministers, Regional Council, and Woreda Council. The executive body shall review and recommend the budget.

The second stage of the budget process/cycle is budget approval and appropriation. After the recommended budget is reviewed and adjusted by the respective executive body at all levels, it is then presented to legislative bodies the federal house of people's representatives, regional house of people's representatives, and woreda house of people's representatives for approval of the budget and annual appropriation of the approved budget at all levels. These, legislative bodies review, amend, and approve the budget.

The third stage is budget execution. Once the budget is approved and appropriated by the legislative bodies, MOFED/BOFED prepares the budget allocation guideline and the notification to public bodies and their budget institutions of the source of finance and line item of expenditures for the disbursement of the approved budget. The institutions then use the

budget to carry out their activities for the year.

The last stage, budget control, deals with performance review. This includes activities such as ensuring whether the revenue utilization is according to laws and regulations, ensuring whether disbursement is made according to budget, ensuring whether public property is kept safe, and the recording and accounting procedures are up to the standard. The office of the general auditor is in charge of auditing public bodies and presents its findings before the House of Peoples Representative.

### **2.2.2. Legal Framework of Ethiopian Budgeting System**

Ethiopia has a well-established legal framework governing its budget system that derives from the 1995 Constitution of The Federal Democratic Republic of Ethiopia. The Constitution clearly defines structure, division of powers and responsibilities among the State organs. These are the structures of the organs of the Federal Government and of the State members. Article 12 (1) of the Constitution the conduct of affairs of government shall be transparent and its sub article 2 states that any public official or an elected representative is accountable for any failure in official duties.

Furthermore, Article 29 of the Constitution stipulates the „right of freedom to seek, receive and impart information and ideas of all kinds, regardless of frontiers, either orally, in writing, or in print, in the form of art or through any media of his choice. This also includes freedom of press and access to information of public interest.

Therefore, this article provides legal basis for any individual, civil society organizations and other stakeholders to access information on budgets and budget processes. The Constitution provides the framework for people’s participation through electoral representation. The Legislature has clear authority over the approval of budget estimated and expenditure.

In general, the meetings of the House of the Representatives are public. The law specifies the condition and the process for having closed sessions. The House shall have a closed session upon the request of the Executive or members and when supported by a decision of more than one-half of the members. The legal frame work has made a provision for the Legislature to maintain an

oversight over the Executive in the budget process. However, the practice in Ethiopia remains to be studied.

The Office of the Federal Auditor General is established by Proclamation No. 68/1997. The Auditor General upon the recommendation of the Prime Minister is appointed by the House of Peoples' Representatives. The office is responsible for the inspection of the accounts of all government bodies. Its task is to ensure that expenditures are made in accordance to the approved allocation for the fiscal year and submit report to the House.

The Federal Ethics and Anti-Corruption Commission is established by Proclamation number 235/2001 as an independent Federal Government body combating corruption, investigating and prosecuting. The Commission is accountable to the Prime Minister and headed by a Commissioner supported by a Deputy Commissioner. Both are appointed by the House of Representatives upon nomination by the Prime Minister.

Ethiopia's budget process/cycle involves four stages at any level of jurisdiction. These stages are budget preparation (drafting/design process), budget approval and appropriation (legislative process), budget execution (implementation process), and budget control (performance monitoring - audit and evaluation process).

## CHAPTER THREE: STUDY DESIGN AND METHODOLOGY

### 3.1. Description of the Study Area

As indicated in the title page and introductory chapter, the current study will be undertaken in the SNNPR. Southern Nations, Nationalities, and Peoples' Region often abbreviated as SNNPR; is one of the nine ethnically based regional states, resulting from such restructuring, of Ethiopia. Its capital is Hawasa. The SNNPR borders Kenya to the south (including a small part of Lake Turkana), the Ilemi Triangle (a region claimed by Kenya and South Sudan) to the southwest, South Sudan to the west, the Ethiopian region of Gambela to the northwest, and the Ethiopian region of Oromia to the north and east. Besides Hawassa, the region's major cities and towns include Arba Minch, Bonga, Chench, Dila, Irgalem, MizanTeferi, Soddo, Aletawondo, and Worabe.

Based on the 2007 Census conducted by the Central Statistical Agency of Ethiopia (CSA), the SNNPR has an estimated total population of 14,929,548, of whom 7,425,918 were men and 7,503,630 women. 13,433,991 or 89.98% of the population are estimated to be rural inhabitants, while 1,495,557 or 10.02% are urban; this makes the SNNPR Ethiopia's most rural region. With an estimated area of 105,887.18 square kilometers, this region has an estimated density of 141 people per square kilometer. For the entire region 3,110,995 households were counted, which results in an average for the Region of 4.8 persons to a household, with urban households having on average 3.9 and rural households 4.9 people.

SNNPR is divided into 14 zonal administrations, which, unlike the other regions, are institutionally separate from the regional government (thus, only the regional bureaus fall under the regional government). Within the zones fall 126 *woreda* governments and urban administrations, which, under Ethiopia's decentralized system of government, have their own governing councils. In addition, there are 4 special *woredas*.

The structure of government is similar at all the different levels of government. The regional equivalent of the federal Ministry of Finance and Economic Development (MOFED) is the BOFED, located in Hawassa. Similarly, sector ministries at federal level have their equivalents at regional government level in the form of 40 public sectors bodies (bureaus, authorities, institutes and agencies) located at Hawassa, the capital. Zonal administrations/special

*woreda* governments form the level of government immediately below the regional government level. The zonal administration office of finance and economic development (ZOFED) forms the equivalent of BOFED, while sector offices form the equivalent of sector public bodies at regional government level. At the next level of government down, *woreda* Offices of Finance and Development (WOFED) and town administration Offices of Finance and Development (TOFEDs) are the equivalent of ZOFEDs and sector offices are the equivalent of sector offices at the zonal administration level.

Similarly, the external audit and legislative oversight function is broadly the same as at federal government level. The external audit function is conducted by the Office of the Regional Auditor General (ORAG), which covers all levels of government. As with other regions, the SNNPRG takes its lead from the Federal Government in relation to economic development strategies and government reform programmers.

### **3.2. Research Design**

The researcher intention in this study is to show the existing budget practices of SNNPR BoFED from participation and transparency principles at specified time frame from October 01- May 30/2017; the researcher employed a descriptive cross sectional research design using a mixed methods approach. The reason that the mixed method approach selected is to capture a clear picture of the budget allocation practices of the study unit by collecting enough data from diversified study participants. To this end, both qualitative and quantitative research approach were employed in data collection and analysis.

### **3.3. Research Approach and Methods of Data Collection**

In this study, a mixed methods approach were employed in which both quantitative and qualitative research data collection methods were used to gather the required data on the subject. Hence, from the quantitative approach, a survey method was employed to gather quantitative data. Whereas from qualitative methods, a key informant interview method were used.

#### **i. Survey Method**

In order to collect data on respondents profile such as sex, age, educational background, current

position in the organization and their attitude on participation and transparency of BoFED budget process, the researcher conducted a survey among budget user of BoFED of SNNPR.

The rationale behind including only three respondents from each budget using offices is that including at least three respondents working in the issues of budget and finance in the bureau might be enough to get the required data for this study. Hence, based on this assumption the survey questionnaires were distributed to the selected 60 sample respondents of 20 bureaus and agencies in which three representative respondents selected from each budget users of BoFED.

## **ii. Key informant interview**

On the other hand, in order to supplement data obtained through the questionnaire filled by budget users, the researcher has interviewed key informants of the three core processes mainly focused on budget administration in the bureaus such as Development Plan and Economic Administration Core Process, Public Finance Management Core Process, and Inspection and Internal Auditing Core Process of the BoFED. Hence, the researcher purposely selected two respondents from each core process (one is the process owner and the other is an expert) with the assumption that including these individuals in interview sessions will supplement the study findings.

Hence, the choice of Key informants was based on researcher's purposive judgment that including budget experts and staffs working on budget issues and individuals who are familiar with budget allocation practices of BoFED in these selected offices will provide sufficient budget related data for the purpose of this study. More specifically, the researcher conducted key informant interviews to assess challenges encountered by the bureau in the process of achieving budget participation and transparency.

## **iii. Document review**

In addition to the survey and key informant interview, review of secondary documents were also used as an additional method to supplement the data collected through survey and key informant interview methods. To this end, the researcher has reviewed various secondary documents available both in BoFED and budget using sector offices. Among the reviewed documents include annual plan, budget request proposals, terminal audit reports, budget proclamations, and other related documents.

### **3.4. Sources of Data**

In this study, both primary and secondary sources of data were reviewed to gather the required type of data. Primary data was collated from the selected respondents of the budget user's agencies which are external to BoFED and 3 core work processes within the BOFED.

Secondary data on the other hand were gathered from (BOFED) internal audited report, external audit general report, Ministry of Finance and Economics (MOFED) documents, books, internet sources, manuals, annual reports, proclamations, and regulations.

### **3.5. Instruments of Data Collection**

In order to collect data the researcher has employed both survey questionnaire and interview guide. In survey questionnaire, both open ended and closed ended questionnaires were included. It incorporates questions on assumed participation of budget user in budget process and the assumed transparency of the budget process of the bureau. The questionnaires were administered by the researcher after providing an orientation to respondents on how to fill the questionnaire. The survey questionnaires mainly have items on five-point Likert scale with response options ranging from 1 = Strongly Disagree to 5 = Strongly Agree and in between 3 refers to "undecided" on either of both response options. On the other hand, interview questions were also focused on getting the views of respondents on possible challenges on participation and transparency.

### **3.6. Population and Sampling techniques, and Sample Size**

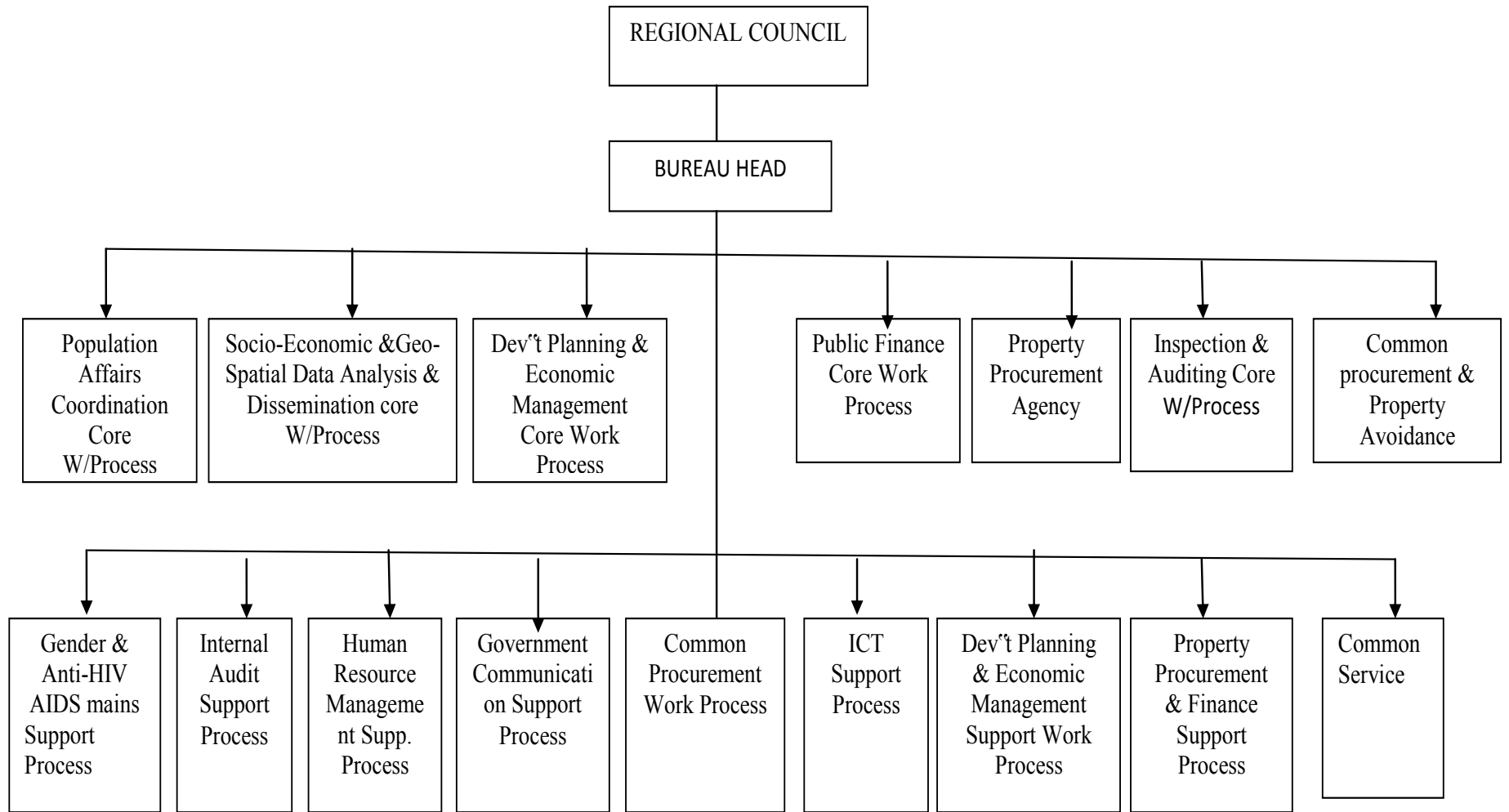
#### **3.6.1. Population**

The study population of this study is South Nations Nationalities and people Regional State (SNNPRS) BOFED and its budget users. Within the bureau, there are 242 employees and several core and supportive processes as shown below in this paragraph. From these, the core processes include public finance management, Development plan and economic administration, procurement agency, statistics and geo-special data analysis dissemination and administration, inspection and internal audit, population affairs coordination and implementation.

On the other hand, the supportive processes are: human resource management, communication affairs, gender and ant-HIV/AIDS main streaming, ICT, and the like. From those, the three core processes are selected for the purpose of this research. They are development Plan and Economic Administration Core Process, Public Finance Management Core Process, and Inspection and Internal Auditing Core Process which are the major players in budget allocation, utilization, and control processes in the bureau. Besides, there are 40 bureaus and agencies which are outside of the Bureau and yet they get their budget from this bureau.

Hence, three core work process and the purposively selected 20 budget using bureaus and agencies were the study population of this study.

**ORGANIZATIONAL CHART OF BUREAU OF FINANCE AND ECONOMIC DEVELOPMENT**



### **3.6.2. Sampling Techniques and Sample Size**

The research has included six representative focal persons from the three core process in BoFED from which one is the leader of the process and others were expertson budgeting related issues in their core work process. On the other hand, respondents werealso included from agencies and other bureaus which are the direct budget user of BoFED. Hence, as stated above 20bureaus outside of BoFEDand who get their budget from the bureau were included in the study being represented by threefocal persons( budget experts)representing their budget using offices.

Therefore, based on this, including the key informants from BoFED a total of 66 respondents were participated in this study. The study samples were purposively selected from the above mentioned three work processes and the budget using agencies and bureaus. Respondents were selected purposely with the researcher’s judgment that including budget experts who have direct knowledge and experiences on budget issues can provide enough details on the issues related with budgetary participation and transparency.

Based on this, the researcher selected three representative respondents to fill the survey questionnaire from each 20 budget user. Accordingly, representative focal persons having direct experience or knowledge to the budgetary process of the bureauswere included in the study.

### **3.7. Methods of data Analysis and Interpretation**

In this study data with both qualitative and quantitative nature were collected using different tools of data collection. Data gathered through these methods wereanalyzed according to their natures such as data with quantitative nature were analyzed usingquantitative techniques of data analysis. Thus, quantitative data collected through survey questionnaire was analyzed using SPSS software version 20 and presented using descriptive statistics (frequency, percentage, measures of central tendency). On the other hand, data with qualitative natures such as data obtained from key informant interview were analyzed through qualitative approaches such as forming themes and grouping similar ideas and concepts together.

### **3.8. Measurement**

Items both on participation and transparency ask participants to select their level of agreement on a five-point Likert scale with response options ranging from 1 = Strongly Disagree to 5 = Strongly Agree and in between 3 refers to “undecided” on either of both response option. Items

on the scales focused assumed principle of budgeting such as participation and transparency on budgetary practices of BoFED.

### **3.9. Technique of verification of Data Collection Instruments**

The questionnaire and interview were developed by the researcher to assess budget allocation practices of BoFED from the principles of budget participation and transparency. In the instrument validation process, the questionnaire was distributed for budget experts for comment and it had been developed according to their comments (*Pre-test*).

On top of this, reliability and validity of finding tried to be ensured by using variety of data collection approaches in combination i.e. the weakness of one approach is offset by the strength of other. As well as it would strengthen the validity of the results. Then the research started with survey, followed by unstructured interviews and which in turn followed by revision of documents and reports.

## **CHAPTER FOUR: DATA PRESENTATION AND ANALYSIS**

### **Introduction**

This chapter focuses on the major study result and discussion of the findings. In this study, 60 questionnaires were administered to gather data from the budget using sector offices. Before starting data entry, all the questionnaires were re-checked for their completeness and incomplete responses were taken back for clarification. Further, to have a clear consistency of the response, the researcher used guided interview with selected core-process under BoFED. For this study, all the collected questionnaires were utilized for detail analysis.

The data were presented and analyzed according to different items on budget principles and transparency. Thus, different items on participation and transparency are analyzed using table containing frequencies and percentage of responses on each item. As indicated in the introductory part of the paper, statistical package for social science (SPSS) application has been applied to analyze the data.

Therefore, this section is grouped in to two sub-sections. The first section deals with the profile of respondents such as gender, age, educational level, year of services, and position, where as the second section focuses on study finding regarding the budget practice of BoFED in line with budget principles such as participation and transparency.

#### **4.1. Demographic Background of the respondents**

As discussed above, the responses to the questionnaire were gathered from senior experts and financial management experts in budget using sector bureaus and core process owners in BoFED. The variables examined in this section were, gender, age, education level, year of experience of the respondents as follow.

Structured questionnaires (attached in Appendix 1) were sent to 66 respondents in samples of 20 budget users under the umbrella of BoFED. The questionnaires were distributed to and filled by budget experts, budget heads, and finance experts, development and plan officers, and auditors in each budget users. The characteristics of the respondents are presented below in terms of gender, age, education level, and service year.

#### 4.1.1. Demographic Profile of the Respondents

Table 4.1: Profile of the respondents

S.No	Category	Frequency	Percent	
1	Sex	Male	50	75.8
		Female	16	24.2
		Total	66	100.0
2	Age	≤ 25	3	4.5
		26-35	31	47
		36-45	22	33.3
		46-55	10	15.15
		≥ 55	0	0
		Total	66	100
3	Education Level	<b>Category</b>	<b>Frequency</b>	<b>Percent</b>
		Diploma	22	33.3
		BA	38	57.6
		MA/MSc	6	9.1
		<b>Total</b>	<b>66</b>	<b>100.0</b>
4	Year of Experience	< 5 Years	10	15.2
		6-10 Years	30	45.5
		11-15 Years	15	22.7
		Above 10 Years	11	16.7
		Total	66	100.0
5	Position in the Organization	Team Leader	11	16.7
		Budget expert	15	22.7
		Financial Management Expert	16	24.2
		Internal Auditor	11	16.7
		Development and Plan Officers	13	19.7
		<b>Total</b>	<b>66</b>	<b>100</b>

Source: Own Survey

The above table 4.1 illustrates that from the total 66 respondents participated in the study, 50(75.8%) were male and 16(24.2%) were female. The result shows that in terms gender the respondents were from both genders though the male group appears to majority in number. In addition regarding the age distribution of the respondents, 47% of the respondents are between the age group of 26-35 and 33.3% of the respondents are between the age group of 36-45. On the other hand, 15.15% and 4.5 % of the respondents are between the age group of 46-55 and less than 25 years of age respectively. .

The above table illustrates that 38(57.6%) of the respondents are first degree holders followed by 22(33.3%) of Diploma holders.

Concerning the respondents' educational qualification, most of them are first degree level education and can able to understand in a better way the financial management aspects of the bureaus. As illustrated in the table 4.1 above, the data collected showed that about 30 percent of respondents have been in their current position for between 6-10 years, whereas about 15 percent of the respondent have 11- 15 years experience and 10 percent of the respondents have less than 5 years of experiences.

In addition, the table 4.1 above also indicates that participants of this study are experts working in different department of budget using bureaus. Hence, from the table, we can understand that 24.2 % of the respondents are financial management experts, 22.7 % are budget experts, 19.7% are development and plan officers and 16.7% of respondents are team leader, and the remaining 16.7 % of the respondents are internal auditors.

As we can understand from this, including budget related experts in this study provides significant advantage for this study. This is because threes respondents are the one who have direct exposure to budgetary practices both in BoFED and its budget using offices. Hence, they are the one who have direct knowledge and experiences on the budget practices and thus can provide sufficient information on the question of budgetary participation and transparency of BoFED. To this end, the respondents of this study, as stated in the table, are financial management experts, budget experts, planning experts, team leaders and internal auditors from BoFED and budget using offices.

#### **4.1.2. Profile of Budget Using Bureaus**

As illustrated in the chapter three of this paper, the study population mainly budget using bureaus under the umbrella of BoFED. Hence, in this study the researcher selected participating bureau purposely by the means of easy accessibility of the bureau representatives. Hence, as illustrated in the table below, a total of 20 bureaus were involved in this study and from these bureaus three respondents were purposely selected from each bureau.

Table 4.2: Profile of Budget Using Bureaus Participated in the Study

S.No	Name of Budget Using Sector Offices	No of Participant	Percent
1	Bureau of Agriculture and Rural Development	3	4.55
2	Ethics and Anti-Corruption Commission	3	4.55
3	Bureau of Vital Event Registration	3	4.55
4	Bureau of Education	3	4.55
5	Pastoral Affairs Bureau	3	4.55
6	Public Services Bureau	3	4.55
7	Revenue Authority	3	4.55
8	Supreme Court	3	4.55
9	Bureau of Trade and Industry	3	4.55
10	Bureau of Youth and Sport	3	4.55
11	Techniques and Vocational Training Bureau	3	4.55
12	Women and Children affairs Bureau	3	4.55
13	Water Resources Development	3	4.55
14	Livestock and Fishery Production Bureau	3	4.55
15	Environmental Protection	3	4.55
16	Prison Administration	3	4.55
17	Office of Regional Auditor General	3	4.55
18	Health Bureau	3	4.55
19	Bureau of Peace and Security	3	4.55
20	Culture and Tourism Bureau	3	4.55
21	Bureau of Finance and Economic Development	6	9.0
	<b>Total</b>	<b>66</b>	<b>100.0</b>

Source: Own Survey

The above table 4.2 illustrate the list of bureaus participated in the study. The bureaus are budget users of SNNPRBoFED and this study has tried to describe budget practices of BoFED regarding the participation and transparency components.

#### 4.2. Budget Participation in BoFED

Participation as one important principle of budgeting is the level of involvement of all stakeholders in the budget process directly or through legitimate intermediaries. According to Shapiro (2001), the process of budget preparation, approval, implementation, and control needs participation of various stakeholders. In this study, participation in budgetary process was measured different items on participation.

The following tables on participation illustrate participant's response on the existing participation in budgetary process of BoFED. Measuring participation in this section are grouped in to two themes such as response about the involvement of respondent in budget process, the role of budget users being acknowledged in budgetary process of BoFED.

##### 4.2.1. Involvement of Budget Users in Budgetary Process

Table 4.3: Response on Involvement of Budget Users in Budgetary Process

S.No	Item	Strongly Disagree		Disagree		Not Decided		Agree		Strongly Agree		Total	
		F	%	F	%	F	%	F	%	F	%	N	%
1	Involvement in Final Budget setting	2	3.0	4	6.1	3	4.5	41	62.1	16	24.2	66	100
2	Encourage Participation in all budget Stages	2	3.0	2	3.0	10	15.2	34	51.5	18	27.3	66	100
3	Frequent discussion during budget preparation	4	6.1	6	9.1	8	12.1	40	60.6	8	12.1	66	100
4	Can influence their final budget	0	0	10	15.2	10	15.2	30	45.5	16	24.2	66	100
5	Availability of Participation mechanisms	2	3.0	8	12.1	13	19.7	35	53.0	8	12.1	66	100

*F\*: Frequency Source: Own Survey*

As it is shown on the table 4.3 above, on the involvement in final budget setting, the great majority of the respondent (86.3%) agree that budget process of BoFED involve budget users in setting their final budget, where as 9.1 percent of the respondent disagree. This implies that BoFED participate budget users in the process of setting their budget. On the other hand,

regarding the encouragement provided for participation in all budget stages, 78.8 percent of the respondents agree that budgeting process of BoFED encourage budget users to participate in all budget stages, where as only 6 percent of the respondent Disagree that the budget system are participatory.

Moreover, the table also illustrates that on the issue of availability of frequent discussion budget preparation, 72 percent of the respondent “Agree” that they participated during the budget preparation of the bureau. The other item on participation was the level of understanding that respondents think that they can make an influence on the final budget allocated by BoFED to budget using bureaus. To this end, the table above indicates that out of 66 respondents 46 of them (70%) agree that they believe that they can make an influence on their final budget.

Availability of mechanism to ensure participation in BoFED was also the other item measured in the above table. As it is indicated in the table, 65 Percent of the respondents believe that there is a mechanism already established by the BoFED to ensure budgetary participation of budget user, whereas 15% of respondents disagree on this. On the other hand 19.7% of respondents did not decide to take position. In general, items regarding involvement of budget using bureau on budgetary process of the BoFED as illustrated in the above table indicates that average respondents agree that budgetary process of BoFED is involve budget users in its budgetary process.

#### **4.2.2. Encouragement of the Role of Budget Using Bureau as form of participation**

One of the issues under this study is considering the role of budget using bureaus as a form of participation. Hence, items such as contribution of budget using bureau acknowledged, feedback acknowledge, seek request when budget prepared can constitute the encouragement element in this regard. Hence, participants were asked if the BoFED give due attention to budget using sector bureaus in the budgetary process. The following table illustrates the response obtained from 66 participants from budget using bureaus.

Table 4.4: Encouragement of Budget using Bureaus in budget process

S.No	Item	Strongly Disagree		Disagree		Not Decided		Agree		Strongly Agree		Total	
		F*	%	F	%	F	%	F	%	F	%	N	%
1	Contribution Acknowledge	0	0	4	6.1	2	3.0	28	42.4	32	48.5	66	100
2	Explanation Provided on Budget Revision	0	0	10	15.2	2	3.0	36	54.5	18	27.3	66	100
3	Feed Back Acknowledged	2	3.0	2	3.0	7	10.6	37	54.1	18	27.3	66	100
4	Seeks opinion when budget prepared	2	3.0	8	12.1	10	15.2	34	51.5	12	18.2	66	100

F\*: Frequency Source: Own Survey

On the above table 4.4, on the item of acknowledgement of contribution of budget using bureau by BoFED, 48 percent of the respondent strongly agree and 42 percent Agree that the bureau give due emphasis for contribution made by the budget using agencies on budget process. On the other hand, 6.1 percent and 3 percent disagree and replied not decided respectively. The second item regarding the role of stakeholders is about explanation provided in time of budget revision. To this end, the response illustrated in the above table indicates that 81.8 percent of the respondents have agreed that the bureau provides necessary explanation if any revision is made on the bureau budget to its budget users whereas only 15.2 percent of the respondent disagree on this.

Seeking opinion when budget prepared is one of an indicator of participation considered in this case. Participants from budget using bureaus were asked if the BoFED seek their request their opinion in time of budget preparation as one indicator of participatory budget practices. Hence, from 66 respondents who were asked this question, almost 70% of the respondents agree that the Bureau seeks their opinion in time of budget preparation whereas 15.2 percent and 15.1 percent of the respondent replied “Not Decided” and “Disagree” respectively. In addition to seeking opinion about budget preparation, the research also considered if the opinion given by budget using agencies are given enough attention by BoFED. To this end, as illustrated in the above table, 56.1 and 27.3 percent of the respondents replied “Agree” and “Strongly Agree” on the item

that BoFED acknowledge feedback provided by budget using agencies to its budget process. On the other hand, 6 percent of them replied disagree and the remaining 10.6 percent of them replied not decided on this issue. In addition to establishment of favorable environment by BoFED for budgetary participation, the other variable that may affect participation is also considered i.e. willingness of participation.

*Table 4.5: Respondents Perception about stakeholders and Government role in participation*

Items	Yes		No		Not Known		Total	
	Freq.	%	Freq.	%	Freq	%	N	%
Does stakeholders are willing to participate	41	62.1	18	27.3	7	10.6	66	100
Do you think the government facilitate budgetary participation	47	71.2	17	25.8	2	3.0	66	100

*Source: Own Survey*

According to Shapiro (2001) participation is one of the important principle of budgeting is the level of involvement of all stakeholders in the budget process directly or through legitimate intermediaries. To this end, willingness of stakeholders to take part in budgetary participation is also the other side of the picture that should be considered.

In this regard, respondents asked on this issue as illustrated in the table below indicates that 62.1 percent of respondents replied that they are willing to participate in budget process whereas 27.3 percent of respondents replied some stakeholders are not willing to participate in budgetary process.

### 4.2.3. Descriptive Statistics on Budgetary Participation

The following table illustrates the overall descriptive statistics of participation component of budgetary practices in BoFED.

*Table 4.6: Descriptive Statistics on Budgetary Participation*

S.No	Items on Participation	N	Min	Max	Mean	SD
1	Involvement in final budget setting	66	1	5	3.98	.903
2	Explanation provided on budget revision	66	2	5	3.94	.959
3	Frequent discussion on budget	66	2	5	3.85	.864
4	Can influence final budget	66	2	5	3.79	.985
5	Contribution acknowledge	66	2	5	4.33	.810
6	Encourage participation in all budget stages	66	1	5	3.97	.911
7	Have access to monitor	66	2	5	4.23	.760
8	It has mechanism for participation	66	1	5	3.59	.960
9	Feedback acknowledged	66	1	5	4.02	.886
10	Frequent discussion during budget preparation	66	1	5	3.64	1.017
11	Seeks request and opinion when budget prepared	66	1	5	3.70	1.007
<b>Overall Mean Score for Participation</b>			<b>16</b>	<b>55</b>	<b>43.03(3.91)</b>	<b>.941</b>

*Source: Own Survey*

On the issues of participation, respondents were asked if BoFED allow involvement in final budget setting. The response obtained from 66 respondents indicate that the mean score on this question is  $M=3.98$ ,  $SD=.093$ . This implies that the response lies between agree and not decided, yet inclined to “Agree” indicating that average respondents agree that the Bureau involve budget users in its budget process. From 11 items on participation the second item is “*explanation provided on budget revision*”, from 66 respondents on average majority of the respondent believe that the bureau provide explanation in case of budget revision ( $M=3.94$ ,  $SD: 959$ ).

In general, from the above table we can understand that from 11 items on participation in which the possible overall score in 5 point Likert scale questionnaire were  $55(5*11)$ . In this case, the results obtained from 66 respondents in this study indicate that the mean score for general budgetary participation practices of the BoFED is  $M=43.03(3.91)$ , ( $SD: .941$ ).

This indicate that on less than the average respondents agree that the budget participation practices of the bureau is participatory by involving budget users in setting their final budget, by considering their feedback and opinion on budgetary decision making process and by providing opportunities (mechanisms) by which they can take part and influence the budgetary process of the bureau by their active participation. The response obtained from the average respondents on budgetary participation practices of BoFED indicate that almost half percent of the respondent do not agree that budgetary practice of the bureau is participatory.

From this finding we can understand that budgetary participation of the bureau lacks issues such as “inability of some budget users to influencing the final budget (M=3.79), the bureau has only few mechanism for participating all budget users(M=3.59), make limited discussion with all budget users during budget preparation (M=3.64), and seeking opinion of budget users in time of budget preparation is below standard (M=3.70). Based on this the overall result of participation items indicate that average respondents agree that the budget practices of the bureau incorporate some participation items where as the remaining other respondents reported that the bureau lacks the above participation components and argues that the bureau should consider its budget practices in terms of these issues.

Finally, the combined effects of these mean scores indicate that the budgetary practice of BoFED lacks some participation components as stated above.

#### **4.3. Budgetary Transparency in BoFED**

As literatures on budgetary principles indicates, budgetary transparency refers to the provision of comprehensive, accurate, timely and frequent information to the stakeholders in appropriate formats about the budget process. It is also related to the existence of clearly defined rules, procedures, and regulations on the e basis of which budget decisions are made.

This information should be made available, accessible and understandable to the general public and open to public scrutiny. Transparent budget system allows citizens and civil societies to hold the government accountable, motivates the general public to participate, and helps to mobilize the community effectively to meet budget targets (Economic Commission for Africa, 2002: 23).

Based on the above argument on the principle and importance of transparency of budgetary practices, in this study the researcher asked 66 respondents from budget users of BoFED if its budgetary practices are transparent. In this regard, transparency was measured if accurate and timely information are provided to them about its budget practices. The following table illustrates response obtained with five point Likert scale items if they agree or disagree about the question on transparency.

#### 4.3.1. General Transparency Components

Table 4.7: General transparency Component in BoFED

S.No	Item	Strongly Disagree		Disagree		Not Decided		Agree		Strongly Agree		Total	
		F*	%	F	%	F	%	F	%	F	%	N	%
		1	I feel that there is some secret that is kept from me regarding the bureau budget	8	12.1	25	37.9	10	15.2	17	25.8	6	9.1
2	I think the budget allocation process of the bureau is transparent	0	0	9	13.6	0	0	41	62.1	16	24.2	66	100
3	I have at least enough information on the budget issues of the bureau	0	0	2	3.0	8	12.1	36	54.5	20	30.3	66	100
4	The bureau provides clear information to budget user about the budget process	0	0	5	7.6	6	9.1	29	43.9	26	39.4	66	100

*F\*:*Frequency

*Source:* Own Survey

The above table on budgetary transparency illustrates responses obtained from 66 respondents regarding budgetary transparency in BoFED. The first question was regarding respondent's level of agreement regarding if they think there are secrets kept away from them regarding the budgetary practices of the BoFED.

As the table indicates, 25(37.9%) of the respondents "Strongly Disagree" and 8(12.1%) "Disagree" that there exist secrets kept from them regarding the budgetary practices of the

bureau. This implies that almost 50 % of the respondents do not agree that there exist secrets kept from them regarding the bureaus budget practices.

On the other hand, out of 66 participants, 17(25.8%) *Agree* and 6(9.1%) “*Strongly*” that there exist some secrets kept from them regarding the budgetary practices of the bureau where as 10(15.2%) did not decided on this item.

In addition to this, participants were also asked their level of overall perception on transparency of the budget practices of BoFED. In this regard, 41(62.1%) replied “*Agree*” and 16(24.2%) replied “*Strongly Agree*” that the overall budgetary practices of the bureau is assumed as transparent by its budget users. Budgetary transparency also measured in terms of related with availability and accessibility of enough budgetary information for budget users of the bureau. Regarding this, as the table 4.7 above illustrates regarding having enough budgetary information, more than half percent of respondents from budget using agencies i.e. 54.5 percent of them replied “ *Agree*” and 30.3 percent replied “*Strongly Agree*” that they have enough information about the budgetary information of the bureau.

Moreover, the responses regarding provision of clear information about all budgetary process of the bureau also indicate that out of 66 respondents who take part in this study, 29(43.3%) and 26(39.4%) replied “*Agree*” and “*Strongly Agree*” respectively. On the other hand, only 5(7.6%) of respondents replied disagree that the bureau provides clear information about its budgetary process.

However, from the table we can understand that majority of the respondents i.e. 55 or 82.7 percent of the respondents replied that they agree with the question that the BoFED provides clear budgetary information to its budget users about its budget process.

### 4.3.2. Transparency Components Related with Budget Information

Table 4.8: Response on Transparency Components

S.No	Item	Strongly Disagree		Disagree		Not Decided		Agree		Strongly Agree		Total	
		F*	%	F	%	F	%	F	%	F	%	N	%
1	Budgetary information is available and easily accessible on-and off-line	0	0	11	16.7	8	12.1	33	50	14	21.2	66	100
2	The information concerning the amount of allocated budget to all user are clearly communicated	0	0	3	4.5	16	24.2	25	37.9	22	33.3	66	100
3	The bureau has clear formats for preparation of budget request	0	0	3	4.5	0	0	33	50.0	30	45.5	66	100

F\*: Frequency

Source: Own Survey

The other transparency component is again related with the information concerning the amount of allocated budget to all users. Respondents from budget using agencies were also asked if BoFED communicate them about the final amount of allocated budget with clear format. The response obtained from 66 respondents as illustrated in the above table indicate that 25(37.9%) “Agree” and 22(33.3%) replied “Strongly Agree”. This indicates that out of 66 respondents, 47(71.2 %) Agree that the bureau announces the budget using agencies about the final budget allocated for their office.

According to Economic Commission for Africa (2002) transparency refers to the provision of comprehensive, accurate, timely and frequent information to the stakeholders in appropriate formats about the budget process. Hence, in this regards, finding obtained from this study regarding the budgetary practices of BoFED indicate that information are provided to the budget users. The other transparency components considered in this study are transparency in terms of

sharing of budget among departments, availability of budget policies, and competition based budget award among budget users with clear competition criteria's.

The table 4.9 below illustrates response obtained from 66 respondents on these issues.

*Table 4.9: Response on Transparency Component*

S.No	Item	Strongly Disagree		Disagree		Not Decided		Agree		Strongly Agree		Total	
		F*	%	F	%	F	%	F	%	F	%	N	%
		1	Budget shared among all department	0	0	3	4.5	4	60.1	29	43.9	30	45.5
2	Availability of budgetary Policy	2	3.0	5	7.6	10	15.2	39	59.1	10	15.2	66	100
3	Performance Based Budget allocation	0	0	2	3.0	18	27.3	40	60.6	6	9.1	66	100

*F\*: Frequency*

*Source: Own Survey*

As table 4.9 above illustrates, participants were asked on their perception about if budget are shared among all departments. For question, 29(43.9 %) replied “Agree” and 30(45.5%) replied "strongly agree” that the bureau share budget among the departments fairly. On the other hand, participants were also asked if the budgets are allocated based on budget users performance with competitive performances. In this regard, 40(60.6%) of respondents replied „Agree” and 6(9.1%) of respondents replied “Strongly Agree”. On the other hand, 18(27.3%) of the respondents replied “not decided” if budget in the bureau are allocated with performance review bases.

### 4.3.3. Descriptive Statistics on Budgetary Transparency

In addition to item by item discussion regarding each question as discussed in the above section on budgetary transparency, the section below indicates the average response for each question on transparency.

*Table 4.10: Descriptive Statistics on Budgetary Transparency*

S.No	Items on Transparency	Mini	Max	Mean	SD
1	I think the budget allocation of the bureau is transparent	2	5	3.97	.894
2	I feel that there is some secret regarding the bureau budget	1	5	2.82	1.214
3	I have at least enough information on the budget issues	2	5	4.12	.734
4	The bureau provides clear information to budget user	2	5	4.15	.881
5	Budgetary information is available and easily accessible	2	5	3.76	.978
6	The amount of allocated budget is communicated to all user	2	5	4.00	.877
7	The bureau has clear formats for preparation of budget	2	5	4.36	.715
8	The approved budgets are shared with all departments	2	5	4.30	.784
9	Information on budget policies, expenditures and outcomes are availability	1	5	3.76	.912
10	Budgeted grants are awarded by performance based review	2	5	3.76	.658
	<b>Overall Mean Score for Transparency</b>	<b>18</b>	<b>50</b>	<b>39(3.9)</b>	<b>.914</b>

*Source: Own Survey*

The first item focuses respondents thinking that budget allocation of BoFED is assumed as transparent or not with their understanding. The study finding illustrated in the above table indicate that on the Likert scale measurement ranging between 1-5 in which “1” implies “*Strongly Disagree*” and “5” implies “*Strongly Agree*”, the response in the above table on this question indicates that on average (M=3.97, SD: 8.94) response indicate that less than average respondents believe that budget allocation practices of BoFED is transparent. This implies that budgetary practices of the bureau are not believed as transparent among all participants.

Besides, regarding the respondents feeling on existence of secret among budget users regarding the budget practice of BoFED, as illustrated in the table 4.10 above, the average (mean) response for this question is M=2.82. This statistical record indicates that the average respondent’s response lies between disagree and not decided which means majority of the respondents believe there exist unclear issues on budgetary practices of BoFED.

Moreover, the third item on budgetary transparency focuses on availability of enough budgetary information. On this item, respondents were asked if the bureau make information on budget issues available in time of need. The response obtained from 66 respondents indicate that on the average respondents “*Agree*” that budgetary information is available to them as budget users in time of need(  $M=4.1$ ,  $SD:0.734$ ).The fourth transparency component is the clarity of information provided to budget users about the bureau’s budgetary practices. As the table illustrates, the average respondent “*Agree*” that information provided for the budget users are reported as it is clear(  $M=4.15$ ,  $SD: 0.881$ ).

In addition to the availability of budgetary information participants of the study were asked if the information available is easily accessible to all budget users. To this end, the study finding indicate that on average ( $M=3.76$ ,  $SD: .978$ ), respondents are between the score of “Not Decided” and “Agree”. This implies that though the information is available to all budget user not all participants of the study are sure that these information are easily accessible to budget users. On the other hand, the study finding on communication the allocated budget for all budget users the mean score is  $M=4.00$ ,  $SD: .877$ .

Article 29 of the Constitution stipulates the right of freedom to seek receive and impart information and ideas of all kinds, regardless of frontiers, either orally, in writing, or in print, in the form of art or through any media of his choice”. This also includes freedom of press and access to information of public interest. Though this article provides legal basis for any individual, civil society organizations and other stakeholders to access information on budgets and budget processes, the study finding on budgetary transparency especially in accessibility indicate that access of budget information to all budget users is limited.

This implies that the average respondents reported that the bureau communicate the finally allocated budget to all its budget users. The other issue regarding budgetary transparency illustrated in the above table is about how budget are allocated to all budget users. The study asked respondents if the budget allocation to budget users is based on performance review as the other indicator of budgetary transparency. To this end, less than the average respondents believe than budget distribution among budget users are based on review of their previous

budget performance where as the remaining respondent do not believe that budget distribution of the bureau does not base performance based reviews of the budget users (M=3.76, SD: 0.658).

In summary, findings on budgetary transparency of the bureau lack some transparency elements as indicated in the mean score of items such as “*feeling of secrets regarding the bureau budget* (M= 2.82), *budgetary information are available and easily accessible* ( M=3.76), “*information on budget policy, expenditure and outcome are available*(M= 3.76), *budget grants are awarded by performance based review* ( M= 3.76), and “ *I think the budget allocation of the bureau is transparent*( M=3.97).

Based on this the overall mean average of transparency items( M=3.9) indicate that the response on questions on transparency lies between the response option of “Agree” and “undecided” which refers that less than average respondents agree on some transparency items where as the other disagree on the above questions as indicated in their lower mean score.

Finally, the combined effects of transparency items indicate that the budgetary practice of BoFED lacks transparency in terms of the above items with lower mean score such as *availability of budgetary information, performance based budget award, and availability of information on budget policy, expenditure, and outcome*.

#### **4.4. Summary of the Responses Obtained From Key Informants Interview**

In this study in addition to the survey conducted with respondents from different budget users under BoFED, the researcher also interviewed the BoFED on some important issues. The following are the summary of the study finding obtained through key informant interview with core work process owner and experts in BoFED.

The interview was made on some of participation and transparency components. For instance, on the issue on availability of mechanism for participating the budget users in all budget process, the interview finding in this regard indicate that the bureau establish participation mechanism form budget users by allowing them first to submit their yearly plan with budget details before setting the final budget to BoFED and the bureau management call all budget users for general meeting and make decision on the final budget. In this regard, according to the finding obtained from the survey result is supportive to this argument since in the average survey respondents agree that

the bureau has some mechanism to insure participation. To this end, the respondent reported that all budget users are informed in advance on the up-coming budget preparation meeting using different means of communication and allow them to be part of the actual budget preparation process.

### **Challenges encountered in Achieving Participation and Transparency**

Key informants from BoFED reported that, though budget users are provided with opportunities for participation in budget process, it encounters challenges to get the yearly plan of all budget users on time. Hence, one of the challenges identified in effort for participation is first, delay of the required feedback expected from the budget users on yearly budget process of the bureau, second, less willingness of some budget users to involve in all budget process with commitments, and finally lack of established and clear mechanism by which all budget users can involve in all budget process from drafting to approval and execution of the budget. In this regards, respondents from BoFED also reported that some budget users lack effective budgetary system so that they can plan and execute the budget according to the yearly plans of BoFED which results for inability to act according to pre-stated schedule and ensure good budgetary transparency and participation.

Besides, the other challenges that BoFED encountered is difficulty in bargaining of disparities between the budget proposals of the budget users with the allocated budget to the overall sectors due to budget shortages.

On the other hand, regarding the issues of budget transparency, the key informant reported that the bureau make the budget transparent first by clearly indicating the amount of budget allocated to different budget users with formal procedures during meeting with and announcing them in different medias such as websites, regional meeting reports and others. However, lack of capacity and institutional weaknesses of BoFED in implementing transparent budgeting is the other challenge encountered on transparent budgetary practices of the bureau.

The other issue on transparency considered in interview was challenges encountered by BoFED regarding promotion of budgetary transparency. On this issue the interview respondent reported that some budget users submit the budget request lately and the bureau encounter difficulty to make appropriate decision on their budget needs. Yet, this sometimes is assumed as

the problem of BoFED in its transparency. In addition to this, as reported by some budget users in insuring transparent budgeting practices in the bureau is difficulty in accessing the available budgetary information among all respondents equally.

The other challenges in both transparency and participation issues as reported by the bureau is externalizing the budget process by the budget users to only a limited staffs of the bureau and make limited effort to make an initiation to involve in all budget process.

In general, from the interview result the researcher has understood that in spite of the above challenges the bureau is making efforts to promote budgetary transparency and increase participation considering the context different budget users.

## **CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS**

This is the study on assessment of budgetary practices of BoFED. It aimed to assess the public budget allocation practices in light of budget allocation principles. In order to achieve objective, the researcher conducted a cross-sectional study. The study conducted survey among budget using bureaus of BoFED.

Based on the finding obtained from this study the researcher has made the following conclusion on the current budgetary practices of BoFED from the perspectives of budgetary principles. Hence, this section discusses some of the major conclusions that emerged in the study and summarizes the most important recommendation that has been made in the study.

### **5.1. Conclusion**

It is known that the study focused on budget practices of BoFED from the principles of participation and transparency. For this reason, it has been seen relevant literatures review and documents, and gathered primary data from budget users on participatory and transparent nature of budget allocation practices of BoFED and the researcher concluded the following points based on the analysis.

In terms of participation, the budget practice of BoFED has fewer rooms for involvement of budget users in budget process especially in final budget setting. Beside, the study indicates that the bureau does not provide enough explanation to budget users in case of budget revision.

The study finding also indicates that that budgetary participation of the bureau lacks some participation elements as indicated in the mean score of items. Budget users' influence on the final budget is limited and there is lack of enough mechanism to participate the budget users in budget process. Besides, the bureau make irregular discussion made with the budget users during budget preparation is not regularly patterned and respondents reported that the bureau make limited request to get budget users opinion when budget is prepared.

In general, the combined effects of these mean scores on participation indicate that the budgetary practice of BoFED lacks the above participation elements in its budget allocation process.

The bureau faces different challenges in the process of budgetary participation and transparency, such as problems in budget user's inability to plan and report on schedules, lack of

commitment among budget users, lack of effective budgetary system among some budget users. Hence, these all affects the budget practices of the BoFED in regards to insuring effective participatory and transparent budgetary system.

On the other hand, regarding transparency, respondents from budget users believe that the budget allocation practices of the bureau are not as such clear according to their understanding. From the study finding on transparency it is clear that there exist some unclear issues on budgetary practices for the budget users BoFED.

Though enough and clear budgetary information are available, the easy accessibility of these information in the bureau is doubtful among the budget users. Therefore, though enough and clear budgetary information is available to all budget user these information are easily accessible to all budget users equally. On the issues of budget allocation bases, from the findings, the study concluded that less than the average respondents believe than budget distribution among budget users are based on review of their previous budget performance where as the remaining respondent do not believe that budget distribution of the bureau does not base performance based reviews of the budget users.

Finally, the combined effects of transparency items with lower mean score indicate that the budgetary practice of BoFED lacks some transparency elements especially regarding an easy access to available budgetary information, performance based budget award, and availability of information on budget policy, expenditure, and outcome.

## **5.2. Recommendations**

Based on the study finding obtained from 66 respondents on the current budgetary practices from the principle of participation and transparency the following recommendations are forwarded for both BoFED and its budget user sector bureaus

### **5.2.1. Budgetary Participation**

In terms of participation, the study has found that the budget practice of BoFED has limited options for budget users to involve in budget process especially in final budget setting. Thus, the bureau should consider and look for options that engage the budget users in all budget process.

Beside, the study also indicates that the bureau does not provide enough explanation to budget users in case of budget revision. It is obvious that the bureau revise the allocated budget regularly depending on the emerging budget needs. Hence, as requested by the budget users the bureau should communicated in case of budget revision

Finally, the bureau should make frequent discussion with budget users during budget preparation and it should provide a room by which budget users can provide their opinion on the overall budget process of the bureau.

### **5.2.2. Budgetary Transparency**

Regarding transparency, the study found that though enough and clear budgetary information is available, the easy accessibility of this information in the bureau is doubtful among the budget users. Therefore, to ensure transparent budget practices, the bureau should establish a means by which all budget users can equally and easily access the available budget information.

On the issues of budget allocation bases, from the findings, the study concluded budget distribution among budget users are not equally based on the review of budget performance. Hence, in order to be considered a transparent budget allocation, there should be at least a performance based budget award for all budget uses. Finally, transparency as measured by different items, the budgetary practice of BoFED lack transparency on the above issues. Thus, to promote budgetary transparency in the bureau, these should be properly addressed.

On top of these all, in order to address the pre-stated challenges that the bureau faces in the process of budgetary participation and transparency, it should work in close supervision with all budget users and needs to establish effective mechanisms which can increase budget user's involvement and commitment in all budget process.

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**Appendix 1: Questionnaire**  
**Addis Ababa University**  
**School of Business and Economics**  
**Department of Public Administration and Development**  
**Management**

**A questionnaire to be filled by Budget Users of BoFED**

I am a post graduate student of Addis Ababa University carrying out a research on “*Assessment of Public Budget allocation principle and practices with reference to BOFED of SNNPR*”. The study is conducted in partial fulfillment for the requirements Master’s degree in Public Administration (MPA). The objective of this study is to assess the existing public budget allocation practices of Bureau of Finance and Economic development, SNNPR.

Therefore, this questionnaire is designed to collect information to assess budget allocation practices of BOFED of SNNPR through the view point of budget principles.

The information you give to this research will be kept confidential and use only for the purpose of this research

I appreciate your time and cooperation in advance,

The Researcher

---

**General Instructions:**

Please indicate your choice by putting the symbol mark(x) where you think is appropriate in the boxes provided to each preference, and comment where necessary.

**PART I-Demographic Background of the respondent**

1. Gender:        Male         Female

2. Level of Education:

- |                                      |  |
|--------------------------------------|--|
| <input type="checkbox"/> 12th Grade  | <input type="checkbox"/> Bachelor            |
| <input type="checkbox"/> Certificate | <input type="checkbox"/> Master's Degree     |
| <input type="checkbox"/> Diploma     | <input type="checkbox"/> above Master Degree |

3. Please indicate your Year of experience in BOFED

- |  |   |
|--|---|
| <input type="checkbox"/> ≤ 5 years     | <input type="checkbox"/> 11 to 15 years |
| <input type="checkbox"/> 6 to 10 years | <input type="checkbox"/> above 10 years |

4. Name of the Organization you are working \_\_\_\_\_

5. Current Position in the Bureau \_\_\_\_\_

**Part Two: Questions on Budget Principles**

The following section deals with principle of budget allocation and practices. You are kindly required to rate the extent to which your office practically act or respond to the issues under considerations. Accordingly, state your response by rating the following statements that describes the variables of the study.

---

*(Please, tick in the appropriate box against the statements as defined below;*

*1 = Strongly Disagree (SDA), 2 = Disagree (DA), 3 = Undecided (UD),*

*4= Agree (A) and 5 = Strongly Agree (SA))*

**2.1. Participation**

	Budget Participation	Response Options				
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	As budget user we are involved in setting on our final Budget					
2	The Bureau clearly explains budget revision to us					
3	We have frequent budget related discussion with the bureau					

4	We have a great deal of influence on our final budget					
5	Our Contribution to the budget is considered very important					
6	As budget user of the bureau, the bureau encourage participation in most of budget stages					
7	As budget users we have access to monitor and evaluate the budget performance?					
8	The bureau has mechanism by which it participate the budget user in budget process					
9	The bureau acknowledges the feed backs of its budget user on the overall budget utilization process					
10	The Bureau initiates frequent budget discussions when the budget is being prepared					
11	The bureau seek your requests, opinions, and/or suggestions when the budget is being set					

1. Do you think all stakeholders are willing to participate in all budget process

Yes       No       Not Known

2. If your response to question number 1 is yes, please specify the mechanism employed by your bureau to ensure participation of budget users and staffs in the budget process?

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3. Does the government support in facilitating the participation of citizens in the budget process?

Yes       No

4. If your response for question number 3 is yes, how does it make supports to encourage participation \_\_\_\_\_

---



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5. Does you bureau encountered any challenges in participation process? If yes Please specify the challenges

---

---

## 2.2. Transparency

S.No	Transparency Principle	Response Options				
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	I think the budget allocation process of the bureau is transparent					
2	I feel that there is some secret that is kept from me regarding the bureau budget					
3	In have at least enough information on the budget issues of the bureau					
4	The bureau provides clear information to budget user about the budget process					
5	Budgetary information is available and easily accessible on-and off-line					
6	The information concerning the amount of allocated budget to all user are clearly communicated					
7	The bureau has clear formats for preparationofbudgetrequest					
8	The approved budgets are shared with all departments and budget holders and ensure they are understood					
9	Information about the budget policies, expenditures and outcomes are availability to you're the bureau's budget user					
10	Budgeted grants are almost always awarded by competitive merit based review					

1. Do you think there are some unknown issues regarding the budget issues of the bureau?

Yes

No

If yes, Please specify some of the issues which are not made transparent

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2. I feel I can access the budget information easily

Yes                       No

If No, Please specify the reason

---

3. I believe that the bureau is willing to provide relevant information regarding the budget when requested

Yes                       No

4. I do not feel comfortable about the budget issues of the bureau

Yes                       No

5. Please list the major challenges in accessing budget information(if any)

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## **Appendix 2: Interview Guide for Core work Process Leader of BOFED**

1. Would you tell me about the budget allocation processes of your institution?
2. Does the bureau have mechanisms to ensure participation of budget users/citizen and/or other stakeholders in all budget process of the bureau
3. Have you encountered challenges ensuring participation
4. Does the bureau have mechanisms to ensure transparency of budget process to users/citizen and/or other stakeholders
5. Are there any challenges to make the budget process transparent to users/citizen and/or other stakeholders
6. Are there any mechanisms which hold the bureau accountable in its budget process
7. What are the major duties and responsibilities of your department with respect to budgetary issues?
  8. Do you think that your bureau has staffed with sufficiently skilled personnel for effective budget analysis?
  9. Does the department have any difficulty in compiling and analyzing budget request

**Thank You for Your Cooperation**

የዳሰሳ ጣቢያ

በአዲስ አበባ ዩኒቨርሲቲ

የቢዝነስና ኢኮኖሚክስ ስኬት

የህዝብ አስተዳደር እና የልማት ስራ አመራር ትምህርት ክፍል

**በክልሉ የፋይናንስና ኢኮኖሚ ልማት ቢሮ ስር በሚገኙ በጀት ተጠቃሚዎች የሚሞላ መጠይቅ።**

አኔ በአዲስ አበባ ዩኒቨርሲቲ የቢዝነስና ኢኮኖሚክስ ስኬት የህዝብ አስተዳደር እና የልማት ስራ አመራር ትምህርት ክፍል የድህረ ምረቃ ተማሪ ስህተት ስህተት በደብዳቤ በክልል ፋይናንስና ኢኮኖሚ ልማት ቢሮ ላይ የበጀት ዝግጅት መርሆዎችን እና ትግበራውን በተመለከተ ጥናት በማድረግ ላይ እገኛለሁ።

ጥናቱ የሚካሄደው ለድህረ ምረቃ ፕሮግራም ማሟያነት ሲሆን የጥናቱ ዋና ዋና ግብዓት ስህተት በቢሮ ውስጥ ያለውን የበጀት አዘገጃጀት ትግበራን ከበጀት ዝግጅት መርሆዎች አንጻራት ለመገንዘብ ነው።

በመሆኑም ለዚህ ጥናት የሚሰጡት ምላሽ በሚስጡ ስር የሚጠበቅ ለዚህ ጥናት አላማብቻ የሚውል መሆኑን እንደ ገለጸሁ የበኩል ያደገውን ብብር እንደሚያደርጉልኝ ሙሉ ተስፋ አለኝ።

ስለ ትግበራዎቻቸው ወይም ስህተቶቻቸው እንደ ቀርባለሁ።

**አጠቃላይ መመሪያ**

ከዚህ በታች ለተዘረዘሩት ጥናታዊ መጠይቆች ከተሰጡት አማራጮች ውስጥ የክፍል ያለውን የበጀት አዘገጃጀት እንደ

ናስጠቃቀም እንቅስቃሴ በሚመለከት ገላጭ ነው ብለው የሚያስቡትን መልስ አንዱን በመምረጥ ከህግጥነት ውስጥ ምልክት እንዲያደርጉ በአክብሮት እጠይቃለሁ። እንዲሁም በተሰጡት ክፍት ቦታዎች የግል ምን እስተያየት እንዲሰጡ በታላቅ አክብሮት እጠይቃለሁ።

**ክፍል አንድ:- የግል መረጃ**

1. ጾታ: ወንድ  ሴት

2. የትምህርት ደረጃ:

ከ12ኛ ክፍል በታች

ሰርተፍኬት

ዲፕሎማ

የመጀመሪያ ደረጃ

የማስተር ስኒድ

3. የመስሪያ ቤት ዎስም \_\_\_\_\_

4. በቢሮ ዎስም የስራ ድርሻ \_\_\_\_\_

5. በዚህ ስራ ላይ ለምን ያህል ጊዜ ሰርተፍኬት ዋል

ከ5 ዓመት በታች

ከ6-10 ዓመት

ከ11-15 ዓመት

ከ16 ዓመት በላይ

**ክፍል ሁለት፡ የበጀት መርሆዎችን በተመለከተ የተዘጋጁ ጥያቄዎች**

ከዚህ በታች በተቀመጠው ስንጠረገር ላይ የተጠቀሱት ጥያቄዎች በቢሮው የበጀት ዝግጅትን በተመለከተ ከተከበሩት ዝግጅት መርሆዎች እንጻር የሚመለከቱ ሲሆኑ በተቀመጡት አማራጮች ላይ የእርስዎን ቢሮ የሚመለከቱት ላይ ምልክት በማድረግ ምላሽ ይስጡ።

---

*እባክዎን በስንጠረገ ላይ የተቀመጡትን ሃሳብ እንጠብቃል ክ1-5 ከተቀመጡት አማራጮች አንዱ ላይ ምልክት ያድርጉ*

1. በጣም አልስማማም
2. አልስማማም
3. እርግጠኛ አይደለሁም
4. እስማማለሁ
5. በጣም እስማማለሁ

**1. የበጀትተሳትፎ**

	የበጀትተሳትፎንበተመለከተ	መለኪያ				
		በጣምእስማማለሁ	እስማማለሁ	እርግጠኛአይደለሁም	አልስማማም	በጣምአልስማማም
1	እንደቢሮውየበጀትተጠቃሚበቢሮውየበጀትዝግጅትላይ እንሳተፋለን፤					
2	የበጀትማስተካከያዎችቢሮውሲያደርግያሳውቀናል፤					
3	ከቢሮውጋርበየወቅቱበሚደረገውይይቶችእንሳተፋለን					
4	ከቢሮውበሚመደብልንበጀትላይአስተያየትመስጠትእንችላለን					
5	በበጀትዝግጅትላይየእኛአስተዋጽኦይበረታታል					
6	እንደቢሮውየበጀትተጠቃሚበሁሉምየበጀትዝግጅትላይ ደቶችላይእንሳተፋለን					
7	እንደበጀትተጠቃሚዎችቢሮውንበጀትየማወቅ እናመከታተልእድሉአንችላለን					
8	ቢሮውእኛንበበጀትዝግጅትላይደቶችላይየሚያሳትፍበትስልቶችአሉት					
9	ቢሮውበበጀትዝግጅትእናአጠቃቀምዙሪያያሉንንአስተያየቶችናግብረመልስእንድንሰጠያበረታታናል					
10	ቢሮውአጠቃላይበጀትበሚያዘጋጀበትወቅትበየጊዜውበሚደረገውይይቶችላይእንድንሳተፍያደርገናል					
11	ቢሮውበጀትሲዘጋጅየራሳችንንአስተያየትእንድንሰጥይጠይቀናል					

6. ሁሉምየባለድርሻአካላትየበጀትዝግጅትላይለመሳተፍፍቃደኛናቸው አዎአይደለም  ቅም

7. ለጥያቄቁጥር

1

መልስዎአዎከሆነእባክዎቢሮዎየበጀትተሳትፎንለማሳደግየሚጠቀማቸውንዘዴዎችይጥቀሱ?

8. መንግስት የበጀት ሂደቶች ላይ የዜጎች ንጥረት ጭንቀት ምን ያህል ነው ?

አዎ አይደለም አላውቅም

9. ለጥያቄ ተገቢ 3 መልስ ያስገኛል ከሆነ እባክዎ እንዴት የበጀት ጥያቄዎን እንደሚያስተላልፉ ይጥቀሱ፡

10. የእርስዎ ቢሮ ዜጎች በሁሉም የበጀት ሂደቶች ላይ እንዳይሳተፉ የሚያድዱ ጥያቄዎች ምን ያህል ናቸው ?

አዎ አይደለም አላውቅም

መልስ ያስገኛል ከሆነ እባክዎ ጥያቄዎን እንደሚያስተላልፉ ይጥቀሱ፡

**2.2. የበጀት ግልፅነት**

S.No	የበጀት ግልፅነት ንብረት መለከት	መለኪያ				
		በጣም እስከ ማለሁ	እስከ ማለሁ	እርግጠኛ አይደለሁም	አልሰማማም	በጣም አልሰማማም
1	የቢሮው የበጀት ዝግጅት ግልፅነት ለሌሎች ሰጠው					
2	የቢሮው የበጀት ሂደቶች በተመለከተ የተደበቀ ስጦታ ለሌሎች መስጠት					
3	ስለ ቢሮው የበጀት ዝግጅት ስራዎች ላይ ጥያቄዎችን ለሌሎች መረጃ ለሌሎች					
4	ቢሮው በጀት ንብረት መለከት ግልፅ መረጃ ለበጀት ተጠያሚዎች ያቀርባል					
5	በጀት ንጥረት መለከት መረጃዎችን በቀላሉ ማግኘት ያቻላል					
6	ቢሮው በየወቅቱ የሚመደበው የበጀት መጠን የተመለከተ መረጃ በግልፅ እንደሚያደርጋል					
7	ቢሮው በጀት የሚያዘጋጅ በትኩረት መመሪያ ስር ማግኘት አለው					
8	በየወቅቱ የሚጸድቁ በጀት ሰራተኞች ለሁሉም የስራ ክፍሎች በግልፅ ይከፋፈላል					



**አባሪ 2፡ ለቢሮዎች የስራ ሂደት ባለቤቶች/አስተባባሪዎች እና በሌሎች ዎች የተዘጋጀ ቃለ መጠይቅ**

1. ቢሮዎቹ ስለ ስራ ስልጠና ለሌሎች የባለድርሻ አካላት በበጀት ዝግጅት ሂደት ውስጥ እንዲሳተፉ ለማድረግ ምን ዓይነት ስልጠናዎችን ይጠቀማል ?
2. የዜጎችን የበጀት ተሳትፎ በማሳደግ ሂደት ውስጥ ቢሮዎች ማጠቃለያዎች ግርምን አለ የዜጎችን የበጀት ተሳትፎ በማሳደግ ሂደት እባክዎ የዜጎችን የበጀት ተሳትፎ በማሳደግ ሂደት ላይ ያገጠመው መሰናክሎች /ች ግሮችን ይጥቀሱ፤
3. ቢሮዎች የበጀት ግልፅኝነትን ለማስፈን ምን ዓይነት ዘዴዎችን/ስልጠናዎችን ይጠቀማል ?
4. በቢሮዎች ውስጥ የበጀት ግልፅኝነት እንዲሰፍን የሚያደርጉ መሰናክሎች/ች ግሮች ያሉ ይመስታል?
10. በቢሮዎች ውስጥ የበጀት ግልፅኝነት እንዲሰፍን የሚያደርጉ መሰናክሎች/ች ግሮች ምን ድናቸው ብለው ያስባሉ? እባክዎ ይጥቀሱ።

**ስለትብብር እጅግ በጣም አመለካከት**