ADDIS ABABA UNIVERSITY
SCHOOL OF GRADUATE STUDIES
COLLEGE OF EDUCATION

The Management of Financial Resources of Somali Regional State Education Bureau

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The Management of financial Resources of Somali Regional State Education Bureau

A Thesis Submitted to the School of Graduate Studies of Addis Ababa University in partial fulfillment of the requirements of the degree of Master of Arts in Educational Planning and Management

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DEPARTMENT OF EDUCATIONAL PLANNING AND MANAGEMENT
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Abbreviations

REBE:	Regional Education Bureau Experts
ZEDE:	Zonal Education Departments Bureau Experts
ZED:	Zonal Education Department
REB:	Regional Education Bureau
BOFED:	Bureau of Finance and Economic Development
MOE:	Ministry of Education
ZFD:	Zonal Finance Department
FDRE:	Federal Democratic Republic of Ethiopia
SREB:	Somali Regional Education Bureau
AAU:	Addis Ababa University
ETP:	Education and Training Policy
UNESCO:	United Nations Education, Scientific, and Cultural Organization
ESDP:	Education Sector Development Program

Abstract

The purpose of this study is to examine the factors that impede the efficient and effective management of financial resources of Somali region education bureau. It also attempts to identify the main factors that hinder the financial system of the region as a whole and the education bureau in particular.

The findings of the study show that there is not a budget system or budget committee at the zone or woreda level. In addition to this no budget is assigned to woreda or zone office when the budget is discussed at the regional council. The only means that the zones and woredas get their budget is through line bureaus. This means that the education bureau prepares, allocates, and approves the budget of the zonal education department with or mostly without the influence of the zonal education departments.

Moreover, the preparation of the budget at the regional education bureau level is not based on enrollment, new intakes in grade one, student-teacher ratio or student-classroom ratio. But it is based on the availability of more funds in the regional education bureau. Hence, it is not the request of the zones that works rather it's the amount of budget REB obtained that causes the allocation of the operation cost to the zones.

It was also found out from the study that while there is very poor facility and lack of operational cost in the schools, the budget utilization of education bureau is very low for capital budget and fluctuates for the recurrent budget. Moreover, the mean utilization of the capital budget is 57.14 percent.

Based on the findings of the study the following recommendations were recommended:

The REB should consider enrollment, new-intakes and expenditure norm per student in the preparation of the budget. Because the preparation of the budget based on input may stimulate to work hard.

The preparation of the budget should start at the school level. Moreover, administering and managing of budget should be carried out by school principals.

Chapter One

Introduction

1.1 Background

Education is important for developing human capital, improving productivity and promoting economic growth. Historically education has been financed and provided by the private sector. During the 20th century, education became the domain of the public sector, to be funded and provided by governments for reasons of nation building, social integration, sharing a set of central values all necessary to achieve social cohesion. Moreover, the future of a country and its social progress directly depends on the educational level of its population.

Recognizing the educational right of children and the return of investment in education, the Ethiopian government has been allocating a lot of money on primary education in particular and secondary and tertiary education in general. Problems are still found in the education system, such as poor education service delivery and the widening gap in education quality between urban schools and rural or remote schools. To deliver educational services efficiently, and effectively, a good level of financial management and understanding of its utilization is required.

The range of issues that can be described as financial is very broad. They can range from technical, accounting issues to high level policy. Many of the technical issues in improving education, such as teaching time, availability of classrooms and instructional material, deployment of qualified and motivated

teaching staff, ultimately rest on a financial base. That is, resources must be available at a suitable level and efficiently delivered, before the Technical inputs can be properly delivered.

When it assumed power the Transitional Government of Ethiopia established a decentralized system based on federal structure that replaced unitary system. Besides central government, regional governments of which Somali region is one of them were established. According to this restructuring, the financial system was also reformed. The center and regions were assigned different responsibilities regarding preparation, approval and implementation of the budget.

Based on these facts, Somali regional government has different bureaus to carryout the social and economic development activities. One of the social bureaus of Somali region is regional education bureau which is the backbone of the overall development of the region. If the education at the region goes wrong, nothing will be right.

In order to manage resources effectively, it is necessary to have a clear understanding of the budgetary process, the type of the budget appropriate for the educational bureau and the detailed budgeting process that underlie it. Budget is financial expression of a plan. The main purpose of budget is to implement policy or plan formulated by the management to attain a given goals and objectives.

The budgeting process is a dynamic one with competing forces vying for funds to meet differing expenditure needs. Indeed, to this draws parallels with the standard definition of economies which is often considered to deal with the problem of unlimited wants and limited resources . . . budgets are just large number of management processes and functions that help relate educational needs to resources.(Tony: 1994:366),

Educational needs ranges from the payment of the salary of the Teachers to the building of new schools. Recently, the enrollment rate of the region has been increasing from 8 percent in 1992 to 16 percent in 1996, although still majority of the children are out of schools. It must be recognized that significantly large amounts of money and other resources have been invested in the regional education system. Yet it is abundantly clear that this investment has been largely ineffective in that it has not been matched by any great changes due to poor management of financial resources.

Therefore, the financial matters, such as financing the education system and budgeting procedure should enable the education bureau to achieve its goals and targets. But more importantly is that if the scarce resources are to be managed efficiently and effectively then a good level of financial understanding is vital.

Therefore, the study examines the status of the management of financial resource of the education bureau and attempts to identify the main factors that hinder the financial system of the region as a whole and education bureau in particular.

1.2 Statement of the Problems

To attain the goals of education for all (EFA), It is necessary to control the financial resources allocated to education properly. There is a common understanding that much of the investment made in education has not been efficiently used in Somali region. The inefficiency is clearly manifested in the form of budget over or under utilization; late disbursement of expenditure, inappropriate or lack of estimation of the costs of educational inputs such school building, text books, desks and other school facilities. This situation can't be acceptable in a poor region such as Somali region where all financial resources are needed for survival and development.

The purpose of the study is to identify and examine factors that hinder effective management of financial resources in Somali region education bureau. These factors could be minimized if its forms and causes are delineated.

In order to assess the problem, the study tries to answer the following questions:

1. What are the sources of finance of the regional education system?
2. How effectively is the financial system managed in budget allocation and implementation
3. To what extent is the human resource capacity of the region effective in managing financial resources in the view of the existing financial policies?
4. What improved strategies can be devised, so as to effectively manage the financial resources of the region?

1.3 Significance of the Study

In Somali region, the education system is confronted with the problems of inefficient management of financial resources. The reflections of these problems are inadequate facilities, weak institutional capacity, low community involvement in management and planning of schools, because the budgetary process was not used as a planning, coordinating, controlling and evaluating devise. For this reason, any attempts to ameliorate the problem are appreciated. Thus, the study may be significant for the following reasons:

1. To identify the factors that cause inefficient management of financial resources as the result the educational administrators at all levels will have a common understanding of the problem. As we usually say to know the problem is one part of the solution. Moreover, the study is also expected to suggest some solutions for how to alleviate these problems.
2. The study may serve as a feedback for the Somali Region education bureau as well as for the ministry of education.
3. The study is expected to indicate the state of the management of financial resources of the education bureau.

1.4 Delimitation of the Study

The study is delaminated within the boundary of Somali region. The educational bureau, Jijiga zone and Gode zone are the target because, a huge amount of Finance resources are utilized or managed in these offices. Moreover, the task of the management of financial resources is very wide so the study is limited to the sources of finance, budgeting process and competence of the personnel in the financial system.

1.5 Limitation of the Study

This study was conducted in six zones from among nine zones of the Somali regional state. It is not a region wide study. Moreover, the study was conducted along with the routine office work; therefore the writer was faced with the following problems.

Because of shortage of time, the researcher was not able to visit the entire sample zones and hold a focus group discussion with the school principals and educational administrators that might have enriched the study.

Lack of open and frank response from some of its respondents. This is because; the study was focusing on budget and other financial data which is sensitive.

Lack of adequate materials concerning the management of financial resources did not enable the writer to include the experience of different countries in the literature review.

Because of the above mentioned limitations the study would not claim completeness what so ever.

1.6 The Research Design

1.6.1. Methodology

The type of the research method used was descriptive survey method. The relevance of this approach for such purpose has been noted by Seyoum and Ayalew (1998:17) by stating that historical studies recount past events, but descriptive research pictures the current situation. This method was employed on the assumption that it could help to reveal the state of the management of financial resources of Somali region education bureau.

1.6.2 Data Sources

The primary sources of data in this study were:

1. The staff of finance department or section.
2. Educational administrators at zone and REB.
3. Directors/principals of selected schools.

Where as the secondary data was:

1. Documents on regulations, directives, and guidelines of various issues of Ministry of Finance, Ministry of Education and Somali Region Education Bureau.
2. Books from the Kennedy, MOE, EdAd libraries, and periodicals were used as sources to gather information concerning the review of the related literature. Moreover, documents regarding the management of financial resources of the education bureau were also assessed

1.6.3 Instruments and Procedures of Data Collection

To collect reliable data, the questionnaire was used. The questionnaire has different parts consisting both close and open end items. The researcher preferred this method because it is the appropriate method data gathering instrument for obtaining variety of opinions from a large population within a short span of time.

After the two set of questionnaire were prepared to pretest the items, the questionnaire was given to some selected finance department staff and educational administrators. Then returned questionnaires was corrected and improved. After getting feedback, the final questionnaires were prepared

clearly. The distribution and collection of questionnaires was done with the coordination of zone education departments in their respected localities. The purpose of the study was briefed and the items on the questionnaire was read together to have a clear understanding.

The questionnaire was distributed in December 2003 and collected in February 2004. The researcher feels that this is the convenient time for the respondents

Moreover, interviews were held with fifteen directors, five officials of zone education department, four administrators from teacher training institute (TTI) and Technical and vocational school, and five officials at the education bureau. The researcher used the technique of structured interview, because it is good for organizing and generalizing the responses.

1.6.4 Sample Population and Sampling Technique

There are nine zone education departments, one teacher training institute, one technical and vocational school and 290 schools in Somali Regional state. Six zones, available one Teacher Training Institute and one Vocational & Technical school and the education bureau were included in the sample. The researcher selected these six zones because they have large staff size as compared with other zones. This indicates that amount of financial resources was bigger in the zones of high number of staff. So it will be costly to carry out the study on a very small size staff which may not be the representative of the population. This may also create difficult to make generalization due to the small sample size.

In addition, the problem of the management of financial resources was seriously high in sample zones. It is also believed that these zones represent

the other woredas because the geographical conditions, the type of financial administration, the cultural and economic condition of the other zones are more or less the same as that of the sample zones.

The sample population consists of 179 respondents of which 172 were male only 7 were female. This is more than 73 percent of the total population and includes all the finance and non finance personnel, department heads and senior experts of the education bureau.

Table 1: Sample size of the Study

No	Name of the Institution	No of schools	Population of study	Sample distribution of respondents
1.	Educational bureau			
	Finance & administration department		8	8
	Planning department		5	5
	Programming department		12	12
	Support department		6	6
	Curriculum department		8	8
2.	Teacher training institute		8	8
3.	Technical & vocational school		6	6
4.	Zone education department			
	(a) Jijiga office	10schools	6 15	6 15
	(b) Dhegahbur office	7 schools	6 15	6 15
	(c) Qorahay office	5 schools	6 15	- -
	(d) Wardher office	5 schools	6 15	- -
	(e) Gode office	7 schools	6 15	6 15
	(f) Afdher office	5 schools	6 15	- -
	(g) Liban office	7 schools	6 15	6 15
	(h) Fiq office	5 schools	6 15	6 15
	(i) Shinile office	5 schools	6 15	6 15
	Total		242	179

1.6.5 Method of Data Analysis

To analyze and interpret the data the descriptive statistical tools were identified to be appropriate with the purpose of the study. The data obtained through the questionnaire were analyzed using percentages and simple mathematical methods. The qualitative data obtained through interview with the project planners, administrators and executive bodies involved in the education system was also analyzed in the study.

1.7. Operational Definition of Key Terms

Allocation: an amount of money appropriated for different educational needs such as primary, secondary and post secondary education.

Budget: financial expression of a plan in order to implement a policy formulated by the management.

Budgeting: Continuous process of directing and allocating financial resources to meet strategic goals and objectives.

System: The institutional arrangements that involve in budget proposal, approval and implementation process.

Management: continuous process through which the resources of the organizations utilized in order to fulfill various tasks as efficiently as possible.

Incremental budgeting: Is the budgeting system through which the budget level of an institution for next year is determined by considering the current budget.

Zero base budgeting: the budgeting system that starts from zero level, regardless of the budget item were new or an existing one.

1.8 Organization of the Study

The content of the study was organized into four chapters. The first chapter introduces the background of the study along with; the purpose of the study. The second chapter is a review of related literature that includes experience of other countries. Chapter three deals with, the presentation and analysis of the data. The last chapter discusses the summary, conclusions and recommendations of the study and implications of the study toward policy and further research. Relevant appendices are also attached at the last part of the paper.

CHAPTER TWO

2. Review of the Related Literature

This chapter deals with the review of literature on managing the financial resources of Somali Region Education Bureau. The review focus on managing financial resources in educational institutions; financial policies; the sources of finance; budget, budget strategies and budgeting process and competence of personnel to manage and control financial resources.

2.1 Managing Financial Resources of Educational Institutions

A fully integrated financial planning process enables dynamic strategic and operational management in the institutions and brings level of financial planning required. The institution's mission statement provides the base for overall working condition of any organization (Thomas, Harold, 2001:7)

> *"It is not possible to be effective unless one first decides what one wants to accomplish. It is not possible to manage, in other words, unless one first has a goal. It is not even possible to design structure of an organization unless one knows what it is supposed to be doing and how to measure whether it is doing it. In fact, it is never possible to give a final answer to the question "what is our business". Any answer becomes obsolete within a short period. The question has to be thought through again and again. But if no answer at all is forthcoming, if objectives are not clearly set, resources will be splintered and wasted. There will be no way to measure results. If the organization has not determined what its objectives are, it cannot determine what effectiveness it has and whether it is obtaining results or not (Drucker, Peter. F, 1968:190-191)*

Leaders and managers have to develop at least basic skills in financial management. Expecting others who do not have basic skills in financial management in the organization, to manage financial resources is asking for trouble.

Financial management starts with the critical areas of budgetary process and aspects of resource utilization, which should be done according to certain financial controls to ensure integrity in the financial management process.

Financial management is a continuous process of directing and allocating financial resources to meet strategic goals and objectives. It starts at the top of the organization with strategic management. Since strategic decisions have financial implications, we must start our budgeting process within the strategic planning process. Failure to link and connect budgeting with strategic planning can result in budgets that are dead on arrival. (Evans, Matt.H 2000:1)

Strategic management is formal process for establishing goals and objectives over the long run. Strategic planning involves developing a mission statement that captures why the organization exists and plans for how the organization will thrive in the future. Strategic objectives and corresponding goals are developed based on a very thorough assessment of the organization and the external environment. Then, strategic plans are implemented by developing a complete set of financial plans or budget. (ibid)

Three main areas influence the way organizations plan to use its resources. Firstly, national priorities are sometimes supported by specific funding and often based on legislation. Secondly, local priorities, particularly in support of pupils from disadvantaged areas. And thirdly, each organization has its own priorities (http//: www.schools.audit-commission.gov.uk: 7)

Organizations often have to make difficult choices about the balance at resources to be allocated in each of these areas. The key success here is to have good intelligence about national and local future plans, as far as the information is available and how they may be funded. It is also important to predict what impact they might have on the organizations own plans and budgets.

Managers are accountable for the way in which the school's resources are allocated to meet the objectives set out in the institutions development plan. It also needs to retain a broad picture of the financial management of the institution and contribute, through the full management and its committee, to the decisions that need to be made. In doing so, it must be sure that:

- The allocation of resources promotes the aims and values of the institutions
- Resources are targeted on improving standards and the quality of provision.
- Resources are used to support the varied educational needs of all students. (http//:www.schools.audit-commission.gov.uk:2)

In making their decisions, managers need to ensure that they achieve value for money in their allocation of resources, this means considering the three elements of economy, efficiency and effectiveness. Value for money is about achieving the best possible outcome for the institution, in the most efficient way, and at reasonable cost.(ibid)

Managers also need to be sure that the financial decisions made have been effective in bringing about the desired improvement in standards, students learning and quality of education provided by the institution. They do this by:

- ❖ Monitoring the implementation of the institutions development plan.
- ❖ Evaluating how effective the institution has been in achieving the targets set in its development plan.
- ❖ Evaluating the cost effectiveness of decisions by weighing the resources inputs against the outcomes and benefits.(ibid)

Managers need to take a strategic approach to monitoring and evaluation. For example, managers are not expected to undertake a detailed scrutiny of the institutions financial records, but to keep track of broad expenditure patterns through regular budget reports and ensure that any significant divergence from the agreed budget is explained and appropriate action taken.(ibid)

One of the key elements of planning is knowing where you stand now, so that you have a firm basis from which to move forward. These analyses are designed to set institutions thinking about their performance and to generate challenging questions about where improvement is needed. (http//:www.schools.audit-commission.gov. uk:4)

It is often said that the annual allocation of funds to institutions means that managers can only plan one year ahead. The absence of funding information for two, three or more years ahead means that institutions need to be much more aware of the likely turn of events so they can begin to plan effectively for future years.

Before budget commitments are made the managers need to have as full picture as possible of the institutions income for at least the next three years. As the government budgets are the prime source of funding, any calculation of income starts with an analysis of the most accurate estimates of budget amount possible. The picture is completed with an analysis of all other income the institution is expected to receive. Institutions in which the amount of

budgets fluctuates considerably will clearly find their situation difficult to predict with any degree of confidence and here maximum and minimum predictions may be helpful.

Institutions need to consider a number of alternative courses of action so that they can achieve a desired outcome in the most economic efficient, and effective way possible. Option appraisal is a process carried out when a new priority has been identified and before a precise course of action has been decided on. For each option, managers need to take into account the expected costs and weight these against the likely benefits, particularly for improvements in teaching learning process. Options in the relevant areas should be presented to administrators in writing, before a decision is reached, with advantages, disadvantages, and the resource implications clearly outlined. It is more helpful for mangers if a particular course of action is recommended, but all reasonable options should be presented (http//:www.schools.audit-commission. gov.uk:11)

Option appraisal is not a precise science of course since in many cases, the professional judgment of the educational administrator is required to assess the potential benefits of a proposal. Options should not be viewed in isolation, either, as there are times when one benefits of one alternative could go hand in hand with negative impact else where. The process of option appraisal is one of the key ways in which managers can exercise their strategic role in making decisions for the benefit of the institutions.(ibid)

2.2 Financial Policies of Educational Institutions

Policy is the study of the functions and responsibilities of overall management and the challenges, which affect the character, and success of the institutions.

The problems of policy have to do with the choice of purposes, the destination of what needs to be done and the mobilization of resources for the achievement of goals in the face of competition or advance circumstances of educational institutions (Learned, Edmund p,et.al1972: 3)

Policy is "an official declaration on the way a system should operate often accompanied by a time-table for implementation and statement of financial backing"(Ayalew, 2000:5).

In order to enable Educational Institution attain objectives and discharge responsibilities, which it was established, the existence of effective and efficient policies is vital. Regarding this, Saynal(1998:9) has recommended that, to enable the education system to educate as many students as possible, policies should be adopted to improve efficient utilization of resources, encourage income generation, adapt cost recovery and diversification sources. Moreover, Blair (1994:413) has stated that in Africa or else where, to achieve the desired results without massively increased public funding, the establishment of policies that gives priority to the creation of quality and greater equality is important. Environments in developing countries especially in Africa have a major role to play in education system through developing a coherent and logical policy framework, developing incentives and decentralization of the system so as to increase the management autonomy for public schools.

To enable and to bring change and success in the education system, improvement in policy directions play the main role. Blair (1994:438) has stated that attaining successful financial reforms requires improvement in the broad policy environment within which educational institutions operate.

Financial management of institutions is influenced by government policies and regulations. Funding policy reflects priorities and involves issues of equity,

efficiency, quality and responsiveness (Saynal, 1995,171). Concerning this Ajayi, et.al. (1996:7) have stated that institutional management is significantly influenced by the type of governmental policy in force.

The level of funding necessary to move with reasonable speed toward the objectives of expanding the educational system and improving the quality of education is likely to be beyond the financial capacity of many governments through increases in budgetary allocations alone. One way or another government must explore and develop policies and strategies for generating other financial resources and for improving the efficiency of the system (Baum an Tolbert 1985:125).

Supporting this argument Baum and Tolbert have stated that in some countries, local communities have contributed to the costs of school construction through self-help efforts and donations in kind. In Napal, local communities have built and maintained almost all primary and many secondary schools. The government supplies materials for construction of primary schools and teachers accommodations; villagers do the building. Some direct financial contribution, such as a meeting a portion of teacher's salaries is common. So that, in addition, increasing the financial strain on the control budget, such participation helps to ensure that the type of education and trainings is relevant to local need. It should therefore be encouraged through financial policy formulation (Baum and Tolbert, 1985:128)

The process of formulating policy and setting goals to put policy into practice is well worth examining in detail. Financial policies can originate at a number of levels or from a variety of sources; from central government or local or regional governments (Newton and Tarrant, 1992:126). The wrong policy of the government on the management of educational institutions highly influences the overall activities of the institutions including the financial system.

2.3 Sources of Educational Finance

Every school system requires money and other resources to run. Buildings, chalkboards, desks and chairs, textbooks, water and electricity and, most importantly, classroom teaching are among inputs that schools use in their daily operation. In most cases the government is responsible for supplying these input using taxpayers money and sometimes donor funds. Therefore, the most obvious course available to a government that wishes to improve its education system is to contribute more money and resources to schools.

From this perspective, the main source of finance for education is the government budget. According a survey conducted by UNESCO, worldwide, 63 percent of cost of education is paid for by the governments, with families, communities, the private sector and NGOs, providing 35 percent and international aid 2 percent.

.In developing countries, primary education is almost wholly publicly financed, but in some countries parents must make a contribution through the payment of school fees and they often have to make outlays for textbooks and uniforms. The privately financed primary education is a small part of the total and consists usually of schools set up by foreigners or missionary societies (Philips, H.M.1975: 78).

In most countries the financing of primary education falls on the central national budget, but in some, it is devolved to the provincial governments or there are mixtures of provincial with central financing. Sometimes school buildings are provided by the local community, while the salaries of teachers and inspectors are paid from either provincial or national budgets; but on the whole, little use is made of the resources of the local communities, which in any event are usually small. (ibid)

The sources from which funds may be provided to finance programs of primary and secondary education are four (1) an increase in the total educational budget, (2) redistributions of expenditure within the total educational budget; (3) diversifying the sources of finance by obtaining local contributions; (4) improving the cost efficiency of the system so that funds are released to aid expansion and improvement. (ibid)

To increase the total of educational budget raises problems of the priority of education compared with other claims on the national budget. In general the possibilities of an increase in the total educational budget depend upon the proportion it already consumes of the national budget as a whole. This varies greatly from country to country, even between countries of roughly the same level of economic development. A few countries spend around 30 percent of their public expenditure on education, and some as little as under 10 percent. But the average for the developing courtiers is about 15 percent (Philips, H.M, 1975; 79).

The capacity of public budgets to provide additional educational expenditure depends on fiscal and cost factors particular to each country, as well as on the rate of growth of the national income or gross national product of the country concerned. Obviously educational expenditure could not grow indefinitely at a rate much faster than GNP. (ibid)

As stated in Ayalew (2000:42), according to UNESCO's world education report some of the poorest nations of the world barely spend 1 percent of GNP on education, while Malaysia and Saudi Arabia spend nearly 10 percent. It can be noted that more wealthy nations tend to spend a larger percent of GNP, and nations that spend more tend to have more developed educational systems.

According to Ayalew (2000:44), a number of nations over the past several years have actually decreased their expenditure on education as a percent of GNP. This decrease is typically due to increasing levels of national debt and increasing emphasis on other national priorities such as defense expenditures. While education's fate in national and local budget deliberations may fluctuate.

The second source of funds for education is switching resources between the educational levels. Apart from constraints and resistances which may be encountered in the educational system itself, a change in the balance between the different educational levels is a political as well as educational issue in developing countries. A switch of resources can be made in two ways. Either the existing proportions between the levels can be changed or rates of future growth can be redistributed (Philib, 1975:85). As stated in Philib, 1975, Nalla Goundan writes in a study of education in India:

> *The rates of return to different levels of education vary considerably. The highest rates accrues the primary education, where as the lowest accrues to a non-technical Bachelor's degree. Thus, the rates of return and levels of education are inversely related. This is an economic equivalent of the criticism that Indian education is heavy at the top and weak at the bottom.*

The third means for raising funds to finance education is by diversifying sources of finance and obtaining a greater contribution from local communities, either through voluntary contributions or regular or special taxes. This has the effect of taking the pressure off state expenditure where competition with other priorities is high (Philip, 1975:87).

It is also true that people pay more readily for items they can see such as school building and enrollment of their children than they do for distant expenses of the central government. Also experience has shown that they are

willing to go to considerable lengths and sacrifices to get their children to school. (Philips, H.M. 1975:88)

Similarly an educational levy on industry could be a valuable contribution. In some of developing countries industry and mining or other types of private enterprise often draw large profits without giving much support to the socio-economic infrastructures of the areas where they work. It seems more than reasonable in such cases, that some kind of levy to raise the educational level of the labour force should be instituted, either by legislation or by voluntary cooperation among the enterprises involved and the state.

As regards to voluntary contribution, this possibility varies from country to country and area to area. On the other hand, there are great disparities in educational opportunity between the different parts of a country. These tend to be increased by local voluntary effort in the richer areas and the reduction of inequalities depends on a nationwide effort based on public funds.

There has also been a tendency for schools to be built by local voluntary effort followed by demands on the government to provide numbers of teachers sometimes in excess of public financial possibilities. Nevertheless well organized voluntary effort can make an important contribution. Fee paying, on the other hand is to be discouraged since it frequently excludes the underprivileged. The evidence is that even as small rise in fees tends to lead to withdrawals and in low income countries fees are cause of non-enrollment. (ibid)

The fourth source from which finance can be provided for education is the introduction of changes, which may give the same output for less cost. Here there are difficulties because the present quality of primary education is very low and more rather than less expenditure seems required. Nevertheless there

are a number of measures, which could increase out put without the input of additional funds. For instance, there is considerable evidence that the system of grade-by-grade tests which leads to large numbers of pupils to repeat grades should be replaced by automatic promotion. Similarly shorter but more efficient cycles of basic education are more economical than longer inefficient cycles afflicted with heavy drop-out. (Phillps, 1975:89)

2.4 Budgeting

In developing countries, the quality of teaching has decreased as a result of overcrowding, inadequate staffing, deteriorating physical facilities, poor laboratory and library resources and insufficient textbook (Salmi, 1991:4). All these factors are the problems created by Budget allocation and utilization.

Budgeting is a set of knowledge and skills from which we can drive significant benefit for our educational institutions. A budget can be financial plan, it can also be qualitative plan i.e. a budget can help us to anticipate our needs. Supporting this argument (Bush and John 1994:335), the budgetary process should link into the overall management planning cycle and not to be seen as a bolt-on activity, which is the sole responsibility of the financial manager. It is only the integration of the budgeting into the general management cycle that will enable priorities to be taken into account in an educational context and subsequently, facilitate the achievement of the organizational objectives.

Organizations generally use budgets to focus on operating or financial problems early, so that managers can take steps to avoid or remedy the problems. Thus a budget is a tool that helps mangers both plan and control operations. Advocates of budgeting maintain that the process of budgeting forces managers to become a better administrator and puts planning in the forefront of the manager's mind. Indeed, failure to draw up, monitor and adjust

budgets to changing conditions is one of the primary reasons behind the collapse of many institutions (Horngen and et. al, 1998:254).

Moreover the planning horizon for budgeting may vary from one day to many years, depending on the institution's objectives and the uncertainties involved. The most forward looking budget is the strategic plan, which sets the overall goals and objectives of the organization.

Budgeting forces managers to think ahead to anticipate and prepare for changing conditions. Most managers react to current events rather than plan for the future. To prepare a budget, a manager should set goals and objectives and establish policies to aid their achievement. The objectives are the destination points, and budgets are the road maps guiding us to those destinations. Without goals and objectives, institutions lack directions; problems are not foreseen; and results are difficult to interpret afterward. (Horngren and et.al, 1998:257)

A good budget process communicates both from the top down and from the bottom up. Top management makes clear the goals and objectives of the institution in its budgetary directives to middle and lower level managers, and increasingly to all employees. Employees and lower level managers then inform higher-level managers how they plan to achieve the goals and objectives.

2.4.1 Budget Strategies

For the military, strategy is most simply the positioning of armed forces on the battlefield to accomplish the defeat of the enemy. Less simply, it is deployment of resources against an enemy in pursuit of goals prescribed by the leaders of the institutions. When we pass, as we must, from the military to the institutional sphere, budget strategy becomes the application of institutional resources to

the accomplishment of institutional goals (Learned, Edmund P and et. al 1972: 3). The most common budget strategies are incremental, zero-base, and program budgeting

2.4.1.1 Incremental Budgeting

According to Knight (1993:132), incremental budgeting involves adjusting the previous year's budget with increments for any changes in volume. It is difficult to justify because it involves no thinking analysis, planning or linking of the budget to the objectives and priorities. As stated in Ayalew (2001:26), It takes the current allocation pattern as the basis for budgeting for next year and adds a certain percentage to the current budget by taking allowances for additional activities and price updates.

The incremental process bases its decisions on the previous year's budget and the level of expenditure as stated in (Bush and John, 1994:348), the largest determining factor of the size and content of this year's budget is last year's budget. Attention is given to minor adjustments in the spending pattern or explanation of additional spending. There is no significant attempt to reassess existing spending pattern; the existing budget is not challenged-there is general acceptance that it is valid. This approach provides a predictable and stable organizational climate. It also needs very little in terms of information and time requirements compared with zero-based approaches.

2.4.1.2 Zero-Base Budgeting (ZBB)

Zero-base budgeting is radically different from the traditional planning and budgeting. W hat Zero-base budgeting does, that is different, is to recognize that the budgeting process is a management process. It also recognizes budgeting as a key decision-making process and driving force. Thus zero-base

budgeting is first a management process, second planning process and only third a budgeting process (Rachlin and H.W. Allew Sweeny 1993:25-3).

Zero-base budgeting is a method of budgeting whereby all activities are reevaluated each time a budget is set. Discrete levels of each activity are valued and combination chosen to match funds available. The Zero-base budgeting requires each institution to evaluate and review all programs and activities systematically, to review activities on a basis of output or performance as well as cost, to emphasize manager decision making first, number oriented budgets second and to increase analysis. (ibid)

Using Zero-base budgeting, top management can readily test the budget against the operating plan, since it is looking at an evaluation in terms of priorities rather than in terms of numbers. It can identify trade offs, determine the consequences of alternative expenditure levels and, based on its evaluation, come up with a new and better set of allocations for the upcoming budget year. From its analysis of decision packages, management gets not only a budget but an operating plan and the budget is a product of operating decisions (Rachdin and H.W. allen Sweeney 1993:25-19).

According to (Bush and John, 1994:346), a fundamental section of a rational approach to budgeting is the adoption of a Zero-based perspective to resource allocation. This is not just taking a fresh look at additional expenditure but also about examining existing core expenditure patterns or allocations. There is a need to justify all expenditure, as stated in Bush and John by Wildaysky (1978 P. 501) as:

> *... The past, as reflected in the budgetary base ... is explicitly rejected. There is no yesterday. Nothing is taken for granted, everything at every period is subjected to searching scrutiny.*

2.4.1.3 Program Budgeting: Planning, Programming and Budgeting

The functions of management can be summarized as planning, implementation and control. Program budgeting is one of the most comprehensive decision-making systems designed to accommodate and integrate these multiple management functions. It integrates all of the organizations planning activities and budgeting into total system. It relates and integrates into one conceptual framework, all plans and budgets, objectives and costs, organizational units and resource allocations (Rachlin and H.W. Allen Sweeny 1993:27-3).

Program budgeting requires that budgetary decisions be made by emphasizing output categories such as goals, objectives, purposes and products instead of inputs such as salaries, materials and facilities. The program budgeting focus rests on the premise that more resources are wasted in implementing wrong decisions efficiently than in implementing right decision inefficiently. The system aims at the major issues facing on organization and incorporates policy, goals, objectives and strategy directly into the budget process.

The major aim of program budgeting is to convert the annual routine of preparing a budget into conscious appraisal and formulation of an organizations goals by providing a long-range perspective. Program budgeting operates within three basic interlocking and interactive process in its annual cycle: planning, programming and budgeting.

2.4.1.3.1 Planning

The planning phase deals with the development of missions, goals, objectives, and alternatives and with the strategies and general resource allocations for achieving them. The planning can be viewed and conducted sequentially. Strategic planning is the first consideration. It is basically concerned with the long range destiny of the institution. It is the guiding light.

2.4.1.3.2 Programming

Programming deals with more detailed application of resources (manpower, materials, facilities and equipment) and schedules for the plans and programs. That is, it is the programming of resource expenditures for the programs in significant detail. It is the level of detail after planning that bridges the gap to budgeting and reflects all of the strategic decisions and projected expenditures in a program format for a planning period.

Program budgeting addresses the challenges of goal setting and change and matches them to an organizations resources and capabilities for effectiveness through an integrated planning and budgeting process in a program format.

2.4.1.3.3 Budgeting

In the Budgeting, final allocations of resources and more detailed reviews are made in a traditional -item format to accomplish and control the approved programs for the first year of the plan. They are based on the latest information and the basic budget decisions made in the programming phase.

In summary, a budget has generally been defined as the formal expression of the plans and objectives of management that covers all phases of operations for specific period of time. No other management tool can provide the operational direction that a well-planned and meaningful budget can, as well as provide the link between the short and long-term plans of an organization. It allows and encourages participation from all parts of the organization and focuses on longer-term strategies and most importantly, it enhances the planning of organizational goals and objectives.

2.4.2. The Budgeting Process

The Budgeting process organizes guidelines for acceptable organizational performance in the future and brings a mechanism to allocate financial resources, facilities and other resources, rationally and economically. Budgets help a ny o rganization i dentify o pportunities, d efine p roblems a nd i ntelligently allocate resources (Rachin and H.W. Alem, 1993:Vii).

2.4.2.1. Budgetary Review

The first stage of budgetary process involves an assessment of the current financial position of the institution and underlying causal factors(Bush and John, 1994:331). Moreover, budget review can be regarded as an absolute war between various levels of management or as a positive cooperative goal setting experience. Looking formally at budget reviews, we see that there are three accepted approaches to the review process Top down approach, Bottom up approach and combination approach (Rachin and H.W Allen, 1993: 7.4)

According to Bush and John, (1994 -331), the review has two elements. One is a check of current levels of income and expenditure in key categories. The second is auditing and asking some fundamental management questions. Such as: -

- Is the institution balancing its income and expenditure?
- Are there significant levels of over or under-spending in particular areas
- Can financial resources be reallocated from one area to another to increase educational outputs or organizational efficiency?

2.4.2.2 Budgetary Forecasting

Management is always faced with uncertainty about the future. Unless managers can forecast income and expenditure trends reasonably well, their decision may yield unfavorable results.

Bush and John (1994:332), after having assessed the current position, it is important that the impact of likely financial trends is analyzed to set any budgetary decisions in context. This is a significant activity, which is new to many educational managers, as budgeting within the education sector has traditionally taken place on an annual basis. Moreover in a resource-constrained environment, educational institutions struggle to achieve their objectives while keeping their educational income and expenditure in balance.

2.4.2.3. Budgetary Implementation

When drawing up the annual budget, reference back to the last two stages needs to take place in order to set current decisions in the context of both audit and future projections. (Bush and John 1994: 333)

Major difficulties in the implementation of a budget can be expected by "starting without an overall plan for the entire period of development from the review through forecasting and evaluation". Every stage must be planned before the actual change over begins so that all participants can have an orderly sequence of events. Activities can be gauged to adhere to the overall plan (Babuna - Klls, Mlcheal, 1976:28)

2.4.2.4 *Budgetary evaluation*

Budget evaluation is performed to assess impact and effectiveness of an existing budget in meeting its objectives. Bush and John 1994:334, states that, the budgetary evaluation is important so that institutions should not ignore this vital stage. It can be split in to two parts one concerned with outcomes and one with the process. The evaluation of outcomes must involve a consideration of how well the resource allocation decisions have enabled the institution to meet its objectives in an effective but also efficient way. The questions to be asked might be; did we achieve what we wanted? Was the money well spent? Would alternatives have given us a better use of resource?

The evaluation process involves the questions:

- Who is involved in the budgetary process?
- How is the review to be structured?
- Who makes final decisions about choices and allocation?
- Are these decisions based on the priorities identified in the school development plan?

2.5. The Competence of Personnel Involved in Financial Management

The competence of personnel to manage and control finance in educational institutions plays a decisive role for the effective utilization of financial resources. As stated in Dereje (2002:32), financial competence can increase cost consciousness, hence, the financial competence of the personnel in finance department of educational institutions is essential. This idea is stated by Sanyal (1995:36) that suggested that, to put the budget plan into operation, special training in budgetary competence for all administrators and heads of

units can proved useful. He also argues that consistent budgetary incompetence should not be tolerated.

According to Mitiku, (1998:31), the key element in any system of management is the competence of the personnel who operate and manage the system. The effectiveness of government financial management will depend on the quality and skills of staff in the organization. If the supportive system of motivation and commitment lacks, the development of skills may not perhaps lead to expected improvements on the part of the accountant, budgeters and auditors.

Moreover, Bush and John, (1994:199), state that the quality of financial service depends directly on the capacity, commitment and motivation of the people who provide it. The human resources available to educational institutions constitute both their most valuable asset and their greatest management challenge. Supporting this idea, Riches, Colin and Colin Morgan, 1994:25, states that, it has been constant demand of all American reformers, from Hennery Adams to Ralph Nader today. They have all believed that one thing lacking in the educational institutions is better and competent people.

Changes in the way in which financial resources are managed will inevitably have impact on members of staff involved in the process. Indeed the primary purpose of decentralization of financial responsibility may be to effect institutional and individual behaviour patterns (Thomas, 2001:156). Therefore, if heads of departments and institutional managers are to be expected to carry regular and additional financial responsibilities then they need to be encouraged to attend training programs. Such training programs can provide not only information on budgetary matters and personnel issues, but also an opportunity for participants to share their problems and concerns with other in a similar position.

2.6 Educational Financing and Budgeting in Somali Region Education Bureau

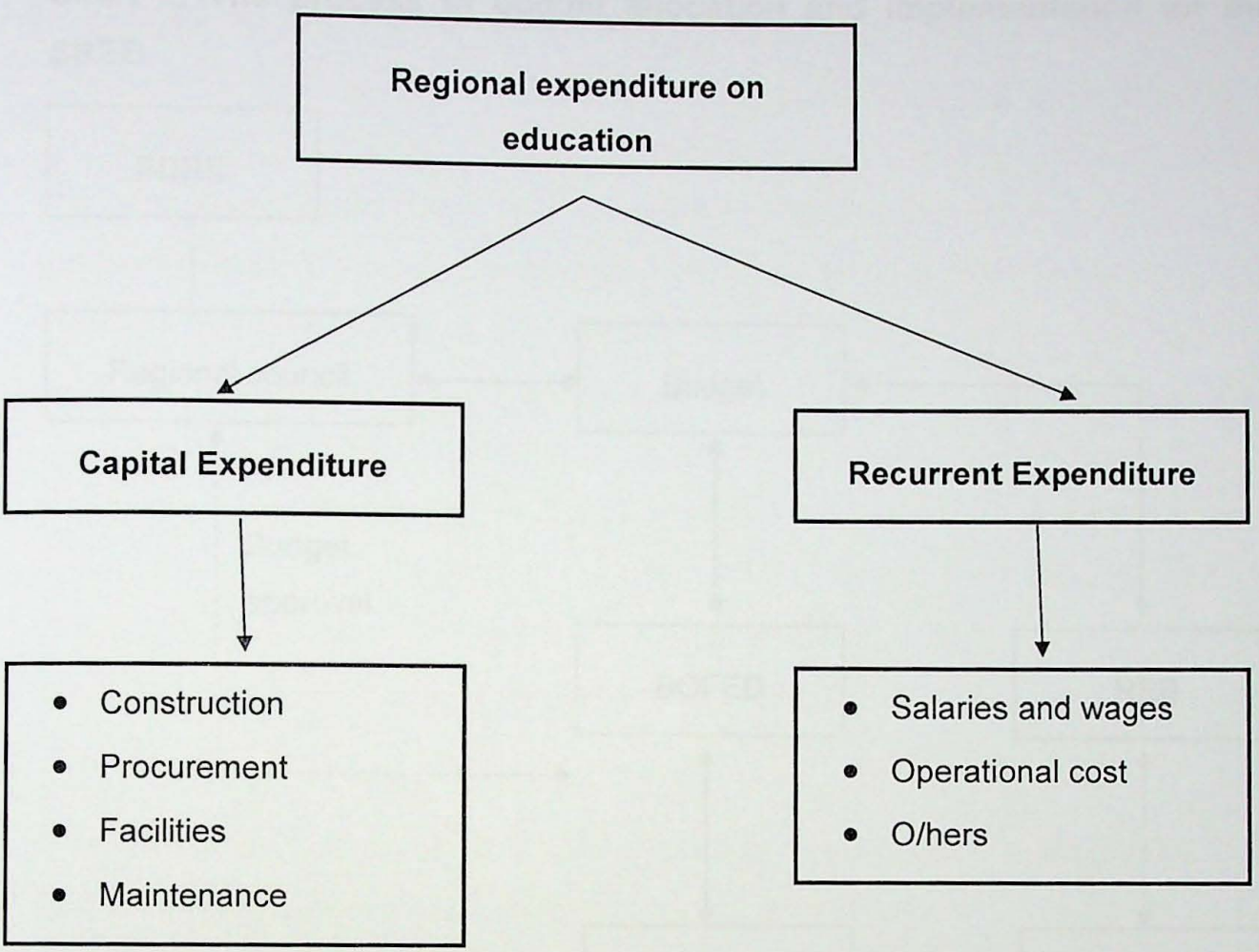
The new education and training policy, guidelines from REB and regulations from ZED strongly support that education is free and the government pay the cost of education. But due to the poor financial management, the schools do not receive running cost as a result some schools began to collect some amount of money from the students.

The main causes of this problem are the absence of clearly defined rules and regulations on the issue of school registration fee. The federal government allows the regional governments, in line with the national policy, to issue rules and regulations that fit their specific situations, but in Somali region, no such policy amendments are discussed at all. Thus, the absences of rules have created considerable problems for the school principals to request parents; at the same time parents are becoming more reluctant to assist schools in generating their income. Though absence of tuition fee encourages poor parents to send their children to schools and increase enrollments, it seems, to create acute shortage of operational cost of schools which would imply poor quality education and ultimately increases drop out rates.

On the other hand, the educational strategy of Ethiopia encourages community participation. Moreover, there is a common that school principals lack appropriate guideline which enables them to collect registration fee from the students properly. This motion of the principals is supported by the second annual review meeting of ESDP which was held on March 13 – 15, 2000. On the proceedings and results document page 45, it says that "the absence of clear guidelines for schools on ways of generating their income using

alternative sources and how to utilize these resources properly including that raised by the community has been identified as a problem".

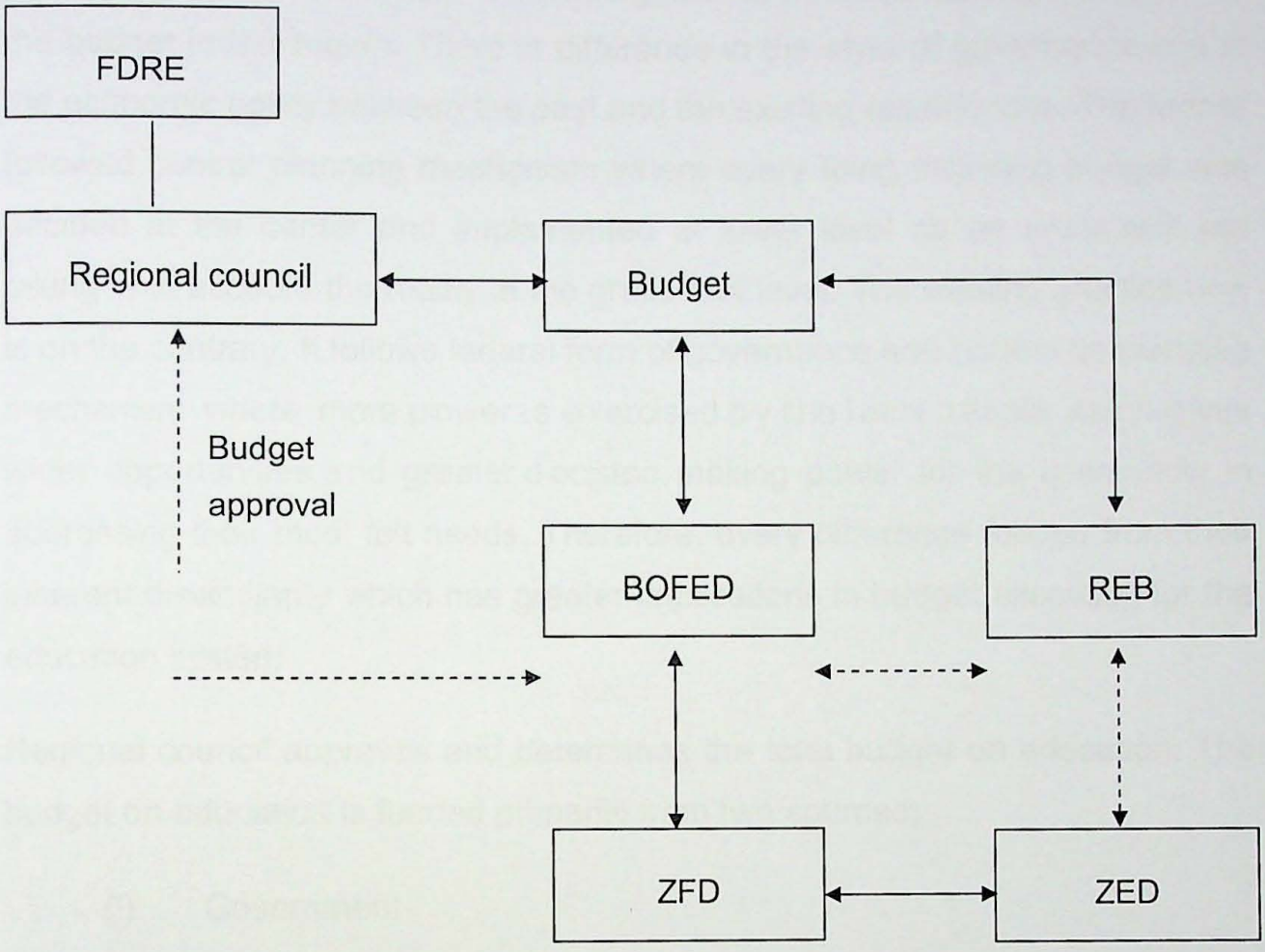
Chart 1. The Structure of the regional education bureau budget



The education budget of the region is divided into two categories of recurrent and capital/investment budget. The separation of the budget into recurrent and capital usually is based in three combined criteria in Ethiopia: (1) the source of revenue (2) the object of the expenditure and (3) the nature of the activities. Recurrent expenditures are usually covered by domestic sources. According to the federal regulation, materials and supplies costing less than birr 200 or have economic life of less than one year should be categorized in the recurrent budget. Capital budget usually refer to projects in Ethiopian budgetary

languages. It is any cash out flow that is not expected to be necessary on annual basis. The capital budget is supported primarily by external assistance and loans

Chart 2: The process of budget allocation and implementation for the SREB



NB.

Direct approval and implementation of the budget

Technical relationship

There is no different budgeting procedure for the education system in the process of budget allocation and implementation for the Somali Regional state . Budgeting is seen as a whole. There is general budget preparation guideline for the sector at the regional level. Education is one of the sectors in the top of priority list. Besides, it has also a sector development programme with some implications as to its source of financing education takes the highest share of the budget in the region. There is difference in the style of governance and in the economic policy between the past and the existing experiences. The former followed central planning mechanism where every thing including budget was decided at the center and implemented at lower level as an order with out taking in to account the reality at the grass root level. The existing practice now is on the contrary. It follows federal form of governance and bottom up planning mechanism where more power is exercised by the local people which gives wider opportunities and greater decision making power for the community in addressing their most felt needs. Therefore, every difference follows from their inherent dissimilarity which has greater implications in budget allocation for the education system.

Regional council approves and determines the total budget on education. The budget on education is funded primarily from two sources;

(i) Government
(ii) External forms of support (such as loans or aid)

The largest part of the total budget on education is funded from the government public expenditure. The government outgoings on education cover fixed costs/ capital investments and the various recurrent expenditure. The government is responsible for the payment of personal expenditures such as salaries and wages. Salaries and wages are calculated on the basis of the

payroll and scale of wages. The government does not pay teachers salaries and wages for those employed in non-public schools.

All donor loans and part of international aid invested in education are channeled through central government via ministry of education. The central government announces particular guidelines and regulations to govern these assistance sources. Usually, such regulations concern policies and agreement for both government and donors. The ministry of education takes the role of executive agency via REBs with regard to agreements.

There is a budget hearing committee at the Regional administrative level. This consists of members from the regional administration, finance & economic development bureau and from the relevant bureau heads in the region. The major duties and responsibilities of this committee are to measure and evaluate the budget proposal of different sectors as to whether it is reasonable or not. This is an activity which is done before approval of the budget by the regional council. This is related to the constitutional rights of the regional councils which says "the regional councils should prepare, approve and implement their own budgets"

The budget hearing committee observes the major factors and rationales utilized by the sector to propose its budget. The sectors, including education bureau are given the opportunity to defend their budget proposals.

The REB implements the annual budgetary preparation. The budget estimation is based on neither the forecast of enrollment nor the teacher student ratio. It is based on the staff payroll of the last year.

The REB has major responsibility for negotiations with BOFED on the regional budget on education both for recurrent and capital expenditures. The negotiation of draft budget is the most difficult step in the budgeting process. The negotiation is implemented between REB and BOFED. The negotiated draft budget is submitted to the regional council to consolidate the over all regional budget. Experience shows that due to the lack of enough revenue, the annual draft budget submitted by REB is often cut in the process of negotiation. In the case of disagreement, the parties continue the second round of discussion. If no agreement is reached between the two sides, the bureau of finance and economic development submit the issue to the regional president for his final decision. Experience also shows that the budgetary estimation is usually higher than the available government revenue suggested by the BOFED. As a result, it is often difficult for both sides to achieve agreement. In such cases, the regional president usually agrees with suggestion of BOFED.

The BOFED makes an announcement on the approved budget on education to REB. As mentioned, because of the difficulties of available revenue, the approved budget on education is usually lower than the budgetary estimation drafted by REB. Upon receiving the budget allocation from BOFED, REB distribute to ZEDs and TTI the correct draft budget allocation and at the same time inform ZFD in order to monitor, supply and manage the allocated budgets to ZEDs. No organization other than BOFED would be allowed to change the already allocated budgetary tasks.

In the case where at the beginning of the budget year, the draft budget and budget allocation have not yet been decided by the regional council, as usually happens, the BOFED and ZFD are entitled to temporarily provide funds for the spending requirements that cannot be delayed until the draft budget and budget allocation are decided.

In the REB, in the course of budget preparation, the finance service uses forms that are more detailed in order to compile the submissions from different departments, but the actual budget, once approved, is not resepareted between the various departments. Thus neither the finance service nor the individual departments know what the actual budget is. It is managed as the bureau budget once approved.

Individual department heads know what they proposed at the beginning of the process but receive no further budget information. In submitting an individual request they therefore cannot tell whether it will or can be honoured. As a result, all spending decisions are taken by the finance service upon the approval of the regional education bureau head. Therefore the discretion on education spending is largely outside of the hands of the education managers. This also creates a context in which it is hardly possible to instill a culture of budget management.

From these fact we can generalize that there are a number of issue that arise simply from the budget process the way in which the budget is developed, coordinated, approved and implemented. There also appears to be substantial gap between principles and practices in the budget planning and management through REB system.

In reality schools and ZEDs have no say in the budget preparation. They have little stake either, as ZEDs budget provide for little else than salaries. REB departments are involved in the budget preparation, in that they submit their estimates excluding salaries, for which their estimation are prepared by the finance department on the basis of information from the personal section.

The education bureau budget has no room for meaningful prioritization of activities as it is built as accumulation of bids prepared independently from each other. Separation in process and responsibilities for annual budget leads

to inconsistencies between priorities as spelled out in the REB five year plan. Owing to this separation there is no assessment of the sustainability of the current investment level. Moreover, the budget is prepared as an administrative bid that seems unable to identify the outputs it aim at producing and activities it has to carry out, as the prime justification for requests of the resources.

In its current presentation, the education budget does not provide the information necessary for output/activity monitoring and technical analysis of public spending equity, efficiency and impact. The lack of technical analysis largely contributes to the weaknesses of the education budget submissions, thereby putting REB in a vulnerable position during the negotiations with BOFED.

The transfer process to switch of funds between budget lines needs the approval of BOFED. This total inflexible system inhibits effective programmed management, there by further undermining the effective responsibilities of education administrators.

In Somali Region only about 16 percent of the school aged children are enrolled (2003/2004), the rest could not get the access for education. From this, the allocation of more budgets and the improvement of the system should come first. The scarce available resource should be distributed between levels of the education with giving priority to primary education. The shift in budget allocation by level of education reflects the realization that it is not only secondary and higher institutes which contribute to the country's economic development, but that primary and non-formal education and training are also productive investments.

There is a lot of problems in the existing budget allocation system and process for the education sector in terms of expanding education in general and improving the quality of education in particular. Moreover there is very small

proportion of the budget that goes for expenditure in areas that have direct impact on the quality of the education such as in service teacher training and supervision, material provision and so on. The per-capita expenditure of the running cost is fluctuating from year to year. The education bureau head also replied that the allocated budget is not adequate for implementing the education sector development programme.

Table 2: Allocation of Regional Education Recurrent Expenditure

Fiscal Year E.C	Recurrent expenditure			Total Number of students	Cost per student
	Salary	Non-salary	Total		
1990	11,030,605	1,501,571	12,532,176	43,489	288
1991	11,228,576	2,660,165	13,888,741	46,553	298
1992	11,458,877	4,108,248	15,567,125	69,231	224
1993	16,251,303	6,374,021	22,625,324	85,765	263
1994	21,706,960	6,237,013	27,943,973	111,236	251
1995	35,380,747	6,483,360	41,864,107	123,544	388
1996	*31,088,152	*5,625,000	*36,716,152	145,569	252

Source: Somali Region Bureau of Finance and Economic development

* Budgeted, not the expenditure

Table 2, indicates per capita expenditure of the students. This is to present the recurrent expenditure divided by the number of students. From year to year, the cost per student fluctuates for example in 1993/94 -95/96E.C the increase in enrollment was nearly 30 percent where as the increase in the recurrent budget was 24 percent, so that when the number of students was steadily increasing, the cost per student fluctuates. The reason for the increase in enrollment may be the rapid population growth in the region and immigration of the people from the remote areas to the urban towns. These factors have influence to the demand of the educational access.

According to table 8, the salary takes the Lions share of the recurrent budget of education. During 1989/90 E.C the demand of the salary was 88.02 percent out of the total recurrent budget of education. This percentage was almost similar for other fiscal years. From this we can understand, the shares of operational

expenditure is very low, more over, the increase in the salary expenditure is very high compared to non-salary expenditure. This will have negative impact in the teaching-learning process. The other important point, is that where these expenditure are incurred. Most of the operational cost is used at the regional level. ZEDs and schools get from these budget very little

As we know the teaching learning process takes place at the school level and if we do not take the operational budget to the schools, schools will not be in a position to discharge their responsibilities. Moreover, schools do not get enough materials, do not perform minor maintenance activities, supervisors do not have enough field work to assist the teaching learning process due to the lack of allowance and this will lead poor educational quality.

In 1994/95 E.C the salary budget grows by 220.75 percent compared to 1989/90 E.C. This may be the result of the recruitment of new teachers, growth in salary scale, career structure and newly established schools and institutes such as teacher training institute and technical and vocational school.

Table 3: Budget Utilization of Somali region Education Bureau

	Recurrent budget		Percentage utilization	Capital budget		Percentage utilization
	Budget	Expenditure		Budget	Expenditure	
1990	12,966,100	12,532,176	96.65	66,314,900	25,953,992	39.14
1991	17,461,900	13,888,741	79.54	28,015,000	19,410,150	69.28
1992	20,006,800	15,567,125	77.81	18,289,500	11,897,606	65.05
1993	21,158,440	22,625,324	106.93	6,841,625	8,348,577	122.03
1994	25,848,749	27,943,973	108.11	33,925,903	8,579,583	25.29
1995	31,637,970	43,010,847	135.95	29,083,202	11,978,296	41.19
1996	36,746,152	Unsettled	-	36,458,426	13,865,960	38.03

- Bureau of finance and Economic development

As we can see from table 3, Budget utilization vary from year to year. There is also difference in budget utilization between recurrent and capital budget. The level of utilization is better for the recurrent budget compared to the capital budget. There is fluctuation in the utilization of the recurrent budget. In 1990 E.C it was 96.65 percent and come down to 77.71 percent in 1992. Then it begun a continuous increase. This is due to the recruitment of new teachers, increase the career structure of the teachers and the establishment of the new schools and institutions.

In the area of the capital budget, we can say that REB is not utilizing the allocated budget. Because in 1990 E.C the percentage of the utilization of the capital budget was 39.14 percent at the same time, in 1996 E.C the percentage of utilization is 38.03 percent which is lower than the utilization level of 1990. E.C.

The mean of the utilization of the capital budget of the REB is 57.14 percent. This is due to the long bureaucratic procedure of procurement and construction activity. Moreover, the estimated recurrent budget to run the capital project is very low. Therefore the main problem of REB as far as the capital budget is concerned is the utilization of the budget not the allocation of additional budget to the bureau.

Chapter Three

3. Presentation and Analysis of the Data

3.1 Characteristics of the Respondents

This chapter deals with for the presentation and analysis of data obtained from the respondents of the study through questionnaire, interview and document analysis.

The chapter consists of two major parts. Part one presents the characteristics of the sample population involved in the study. Part two deals with the analysis and interpretation of the data.

The necessary data for this study was gathered from principals, zonal education department heads and experts as well as experts, team leaders and department and service heads of the educational bureau. A set of questionnaire was prepared and distributed to all respondents. The question items in the questionnaire distributed to the respondents in the three groups were generally the same in the sense that they addressed the same basic issues.

The questionnaire distributed to the three groups principals 92(88%), zonal education department experts 27(90%) and experts from educational bureau 37(95%) were returned and used. Moreover, data obtained through interview were used in the analysis of the study. Information found from the documents of the finance section of the education bureau were also used in the analysis

Based on the respondents from the three groups (principals, zonal education department and education bureau), the characteristics of the respondents were examined as follows.

Table 4: Characteristics of the Respondents

Variable	Characteristics categories	Regional Education experts		Zone Education experts		School Principals	
		No	%	No	%	No	%
Sex	Male	37	100	27	100	88	95.70
	Female	--	--	--		4	4.30
	Total	37	100	27	100	92	100
Educational Level	Ph.D						
	MA/M.Sc						
	B.A/B.Sc	12	32.43	4	14.82	3	3.26
	12+2/Diploma	9	24.32	8	29.62	16	17.39
	12+1	11	29.73	5	18.52	73	79.35
	Grade 12	5	13.52	10	37.04	--	--
	Total	37	100	27	100	92	100
Age	20 – 25	4	10.81	2	7.41	17	18.48
	26 – 30	9	24.32	6	22.22	23	25.00
	31 – 35	7	18.92	7	25.93	26	28.26
	36 - 40	3	8.11	5	18.52	14	15.22
	41 – 45	7	18.92	2	7.41	7	7.61
	46 - 50	4	10.81	2	7.41	5	5.43
	50 and above	3	8.11	3	11.10	--	--
	Total	37	100	27	100	92	100
Work Experience	1 - 5	6	16.22	5	18.52	16	17.39
	6 – 10	12	32.43	11	40.74	39	42.39
	11 – 15	4	10.81	6	22.22	22	23.91
	16 – 20	8	21.62	3	11.11	15	16.31
	21 and above	7	18.92	2	7.41	---	----
	Total	37	100	27	100	92	100

As can be noted from table 4, there are no female experts or department head in the educational bureau whereas in the case school principals 4.3 percent are found to be females.

In this case, overall female participation is very low. This could be due to the lack of gender equity in the education system and culture constraints, which could not prepare female students to become educational experts.

Concerning academic qualification 67.57 percent of the regional education bureau experts had diploma or certificates. Those experts having B.A/B.Sc are accounted for 32.43 percent. The data also shows that 85.18 percent of the zone education experts and 96.74 percent of the school principals are diploma or below diploma holders. From this we can generalize that the majority of the financial experts are grade 12, 12+1 or 12+2(diploma) holders.

With regards to age, 89.19 percent of the regional education experts and majority of the zone education experts(92.59) and school principals are thirty or above thirty years of age. Moreover, as indicated in item 4, 83.74 percent of the REBE, 81.48 percent of the ZEDE and 82.61 percent of the school principals had more than ten years of experience. Hence, it can be inferred that most of the respondents were mature enough in terms of age and experience to provide useful suggestions and recommendations of the management of the financial resources of the education system. Thus their response is considered as dependable.

3.2 Analysis of the Findings of the Study

Training allows financial managers to play a more significant role in the managing of the financial resources. It also builds better communication skills which ensure greater effectiveness. Most of the trained managers become an organized, focused, and strategic force. The following table indicates the training background of REB employees.

Table 5: REB Employees Training on Financial Management.

Items	Regional Education experts		Zone Education experts		School Principals	
	No	%	No	%	No	%
Attended training concerning financial management						
Yes	14	37.84	2	7.41	3	3.26
No	23	62.16	25	92.59	89	96.74
Total	37	100	27	100	92	100
Duration:						
1 - 4 weeks	9	64.29	2	100	3	100
1 - 3 months	5	35.71	____	____	____	____
4 - 6 months	____	____	____	____	____	____
1 years	____	____	____	____	____	____
Others	____	____	____	____	____	____
Total	14	100	2	100	3	100

Unfortunately, table 5 indicates that 62.16 percent of the REBE, 92.59 percent of the ZEE and 96.74 percent of the school principals had not attended training concerning the management of the financial resources of their respective bureaus. This implies that most of the financial managers in the educational system lack knowledge and skill in order to discharge their financial responsibility.

A lot of research suggests that, investing in staff training will not only boost staff morale, but it also increase the level of commitment of that staff towards the organization. But, as we can see from the above table no financial training was given to the majority of the financial managers. This will effect negatively the commitment and performance of those experts and school principals.

Table6: Respondents Opinion towards Existing Financial Policies

Item	Regional Education Experts		Zone Education Experts		School Principals	
	No	%	No.	%	No.	%
Existence of policy that hinders collection of internal income						
Yes	19	51.35	22	81.48	85	92.39
No	18	48.65	5	18.52	7	7.61
Total	**37**	**100**	**27**	**100**	**92**	**100**
Some of the policies and regulation are						
1. Edu.and Train Policy	3	15.79	2	9.09	6	7.06
2. Guideline from REB	11	57.89	13	59.09	38	44.71
3. Guideline from ZEO	5	26.32	7	31.82	41	48.23
Total	**19**	**100**	**22**	**100**	**85**	**100**

Financial Policies are a general guide for action. A financial policy is the most general form of managing the financial plan. It specifies the organizations general response to designated problem or situation. Moreover financial policies have to facilitate how the organization attains its goals. However, according table 6, 51.35 percent of the REBE, 81.48 percent of ZEDE and 92.39 percent of the school principals admit that existing financial policies hinder the collection of internal income for the schools. Most of these experts and school principals argue that, on one hand, the government suggests a free education up to grade 10 and on other; the government does not allocate running cost to the schools. These contradictory situations make the existing financial policies tools that disturb the teaching learning process as well as the performance of the schools.

Table 7: Source of Finance for the Education System

Item	Regional Education bureau Experts		Zone Education Dep't Experts		School Principals	
	No	%	No.	%	No.	%
Source of finance						
• Government	33	89.19	25	92.59	84	91.30
• Financial aid	4	10.81	2	7.41	5	5.44
• Internal Income	-	-	-	-	3	3.26
• Others	-	-	-	-	-	-
Total	**37**	**100**	**27**	**100**	**92**	**100**

Investing in education can be very profitable for individuals and societies. According to survey financing education which was recently published by UNESCO reports that developing countries that have invested in human resources over the past two decades are reckoned to have added half

percentage point to their growth rates. Such progress is also felt by individuals, since those with educational diplomas have a better chance of getting a job, keeping it and earning more money. The higher, one gets on the educational ladder the better it gets.

According to table 7 respondents were asked to identify the main source of finance for the education system of the region. As shown in table 7, 89.19 percent of the REBE and 92.59 Percent of the ZEDE and 91.30 percent of the School principals said that the main source of finance of the education system is the government budget. Hence, it is possible to generalize even though the government is the main source of finance for the education system, there are also donor agencies and local communities who supports the education system in cash and in kind.

Moreover, society views education as a means to escape a life of poverty. As a result schools become institutions that can promote students in to greater economic and social benefits. Based on these facts, the societies pressurize. The government to become sole financiers of education but due to the huge investment that the education system requires, the government alone cannot pay the cost of education. Therefore, private sector as well as donor community has to participate for providing a quality education.

Table 8: Source of internal revenue for the schools

S. No.	Item	School Principals	
		No.	%
1	Does the school have its own source of income		
	• Yes	8	8.70
	• No	84	91.30
	Total	**92**	**100**
2	The sources of income		
	• From evening classes	3	37.50
	• From land rent		
	• From Penalty		
	• From Community support	5	62.50
	• Others (specify)		
	Total	**8**	**100**
3	Do parents contribute in the form of money to schools?		
	• Yes	9	9.78
	• No	83	90.22
	Total	**92**	**100**
4	How much is the annual average income of the school		
	• 20,001 and above		
	• 15,001 – 20,000		
	• 10,001 – 15,000	7	7.61
	• 5001 – 1000	4	4.35
	• 5000 and less	81	88.04
	Total	**92**	**100**

The yearly income or revenue of the Somali Region is very small. As shown in table 8, about 91.30 percent of the sample schools respond that, they do not have their own source of income. This will have impact on the educational activities of the schools. The range of the amount of income in each school differs depending on the existing resource base of the school. In table 8, item 2 one can see that schools get their revenue from evening classes, community support and other sources of income. The resource bases are not same in all

schools. It depends on the available resource potential of the schools. It also depends on the location of the school i.e. whether the school is located in urban or rural areas. The data collected from the schools also indicates that urban schools have more income than rural schools. As it is indicated in item number 4 of table 8, the annual income of the majority of the schools is 5000 or less. There are also schools which do not have any income at all. Based on this, operation cost per student is very low and this shows that the income schools generate is not adequate enough to do their job.

On the other hand, table 8, item 3 indicates that 90.22 percent of the sample school principals reported that parents did not pay registration fee for their children at the beginning of the school year. The remaining 9.78 percent of the schools principals s aid that they collect some a mount of money from parent and community. Majority of these schools are urban schools. During the previous Ethiopian government the major and common source of income in all schools was registration fee, but now registration fee are abolished by policy up to grade 10.

Despite the absence of registration fee, school principals gave their additional response to the open ended questions and they said that, the local community supports the school in different ways. Some times schools prepare special programs and ceremony and in this occasion they try to promote the schools goals and solve existing problems.

The local communities sometimes participate by providing labor and local materials during construction, in some occasions they construct schools for their own resource and initiative. They also contribute some amount of money to pay the salaries of some teachers and certain support staff so as to strengthen the schools manpower. There are also obligatory situations that the schools request the contribution of local communities when the intervention of

donor agencies demand matching fund for the construction of additional school blocks. For instance in some schools where ESRDF tried to construct blocks of classrooms, the local community covers 10 percent of the cost. During this time community's contribution is indispensable.

The researcher, based on the above facts, has found out different ways and means of the schools to cover their financial deficiencies or running costs. The first basic thing identified is that the schools have different source of revenue. Their resource base is very different. Those schools which are located in urban areas could have better opportunity to get better annual income than those schools which are located in rural areas. This is to mean that there are no standardized common sources of income for the schools. Those schools that are endowed with better resources have no problem to cover their running cost. The availability of better income has encouraged those school principals to create conducive school environment by planning and implementing activities like Strengthening school fences, maintaining classroom and school compound sanitation, providing duplication paper to carry out examination by using sheets of paper etc. Generally it assists schools to improve quality of education as much as possible. In contrast schools which do not have such resources are likely to suffer greatly.

The second important point the researcher realized is that, in some schools, unless and other wise there is an obligatory condition school principals are not motivated to request the community support, such as matching fund, which is requested by projects or programs from donor agencies. In the educational strategy of Ethiopia, it is indicated that "the participation of the community will be encouraged and enhanced in building schools and provision of furniture on voluntary self help basis, private sectors participation shall be promoted in the provision and assistance of the education services "(MOE 1994:19) and cost sharing will be implemented in higher education which is started now.

In table eight, the resource basis of schools have been discussed. It has been realized that there is shortage of income. Although there is an intention to coordinate the contribution of the community as an alternative source of school income, there is no still standardized guide line to collect this support in the form of registration fee. Therefore, to fulfill this gap the government should allocate a running cost to the school.

The deputy head of the regional education bureau was interviewed and asked about the existence of any strategy for financing education in the region including allocating running cost to the schools. He replied that, although there is no strategy adopted at present, there is an attempt to make some principles of internal revenue generation by amending some articles of financial regulations of the government. Moreover, there is decentralization of power to woreda. This will lead to send more resources to woredas and schools. This is believed to be the main solution. He also said that there is an effort to coordinate non-governmental organizations (NGOs) to diversify and maximize their engagement in the education system. The bureau is now lobbing to allocate a running cost to the school through new constituted woredas. However a lot of work has to be done in order to enable schools to carry out the teaching-learning process effectively.

Table 9: The Process of Budgeting at School Level

S. No.	Item	School Principals	
		No.	%
1	Is there any operational budget which is allocated to the schools by governments? • Yes • No	 9 83	 9.78 90.22
	Total	**92**	**100**
2	How does the school get this operational cost from the government? In the form of a. Material b. Money c. Mixed/more material d. Mixed/more money e. Others (specify)	 9	 100
	Total	**9**	**100**
3	What is the procedure followed to request the annual budget of the school? a. The school proposes its need to the ZED b. ZED proposes its need to REB c. The school has its own internal income and there is no need to request from ZED d. Others	 4 88 - -	 4.35 95.65
	Total	**92**	**100**

Managing the budget is one of the main components in managing financial resources. To investigate the effectiveness and efficiency of budget management at school level, information was collected regarding how schools request their annual budget from the government and response of the government in the allocation of budget to the schools. It is particularly focused on operational cost other wise the budget of the salary is indispensable although some times schools they didn't receive the salary of their teachers.

The process the schools follow to acquire their yearly budget is shown in table 9, item 3. The majority of the school principals (95.65 percent) indicate that no participation of school administration on budget planning and preparation. The ZED simply proposes its need to REB. In the absence of the participation of the beneficiaries, the danger is that the process of the budget will lack transparency and depend on negotiating and relationship strength of that school with the ZED than the needs of the schools.

Moreover, the responses gathered from the open-ended questions indicate that it is rarely to allocate budget to the schools. The school principals also cited that schools are in problem to cover their operational expenses. They further stated that the previous and dependable source of income i.e. registration fee, has been prohibited in the name of free education and on the other hand the ZED allocates none. On both sides, whether from the government budget or from their own collection, schools do not get revenue and currently bother on the shortage of operational costs. This is a big paradox for schools.

As table 9 reveals 9.78 percent of the respondents are familiar with the provision of yearly budget from the government to schools. The schools receive the budget support in kind. It is ZED that purchases the materials on behalf of the schools. No money is released to the schools.

According item 3 of table 9 most of the respondents further revealed that the school management does not have any participation on annual budget preparation process. It is the ZED which takes the mandate to propose the annual budget of the schools to the REB. It is the ZED, without the request of the schools which allocate certain amount of operational cost for the schools. According the interview with the zonal education departments, the amount of operational cost which is allocated by the ZED varies from school to school. The major criteria which bring variation in the allocation of operational cost are

income collection capacity and whether the school is located in urban or rural areas. Even though there is very little amount of operational cost allocated for schools it is released in the form of material. ZED purchase materials and distribute it to schools. This makes schools inflexible and ineffective in the management of resources. Having better educational budget means accomplishing the teaching learning process in a better way. On the other hand, this budget allocation is not consistent, there is allocation in one year and not in next year and its amount is very low. This condition has brought about severe deficiency in the organizational and performance efficiency of schools. Schools have no fences, no reference books in their libraries, no teaching aid materials, no sufficient desks in the classrooms and no well organized staff rooms etc.

The deputy regional education head indicated that most of the schools do not get a direct budget. Moreover, whatever amount allocated to schools is not sufficient as compared to their needs and it is difficult to reach these budgets to the schools. Because there is no clear strategy to materialize a direct budgetary support for all schools in the region as else where in the developing countries. Therefore, there is clear need to introduce that kind of system in our schools to optimize efficiency and bring quality in education. This can be done in the form of school grant which in turn can be attached to the number of students in the school.

Table 10: Procedure of the Budget at the Zone and Regional Bureau Level

S. No.	Item	Regional Education Bureau Experts		Zonal Education Dep't experts	
		No	%	No	%
1	What is the procedure in the planning and allocation of budget at the zone level?				
	a. Starts from the school via ZED to REB	26	70.27	3	11.12
	b. REB by its own initiative allocate budget to zonal education department (ZED)	11	29.73	24	88.88
	c. Any other				
	Total	**37**	**100**	**27**	**100**
2	What is the procedure used for requesting budget for the education sector at the region level?				
	a. Starts from Zone education department via regional education bureau to finance and economic development	29	78.38	4	14.81
	b. Finance and economic development bureau by its own initiative allocates budget to regional education bureau	8	21.62		
	c. Any other	-	-	23	85.19
	Total	**37**	**100**	**27**	**100**
3	Is the allocated budget disbursed on time				
	• Yes	9	24.32	4	14.81
	• No	28	75.68	23	85.19
	Total	**37**	**100**	**27**	**100**

Table 10, shows the procedure of the budget at the zone educational department & REB level. As it can be seen in table 10, item 1 the respondents gave different answers on the procedures of planning and allocation of the budget at zone and REBE level. About 88.88 percent of zone education department said that no need to propose the budget request to REB because REB by its own initiative allocates budget to zonal education departments. Where as 70.27 percent of REDE said that the budget process starts from school via ZEDs to REB. The responses gathered from interview questions indicate that the allocation of budget to zones is determined by the availability of more budgets in the REB. Hence, it is not the request of the zones that works in this case. Rather it is the amount of budget that REB obtained that causes the allocation of the operation cost to the zones.

In table 10, item 2, regional education bureau experts put clear answer how the budget proposal comes from the bottom level. They said that the budget proposal starts from ZEDs, via REB to finance and economic development bureau. The only problem is that REB has influence to amend the proposal of the ZEDs. However, before the ZEDs proposed its budget to the REB, the REB did not give technical advice to the ZED. Due to this fact, REB makes a lot of amendments to the budgets proposed by ZEDs.

The deputy regional education bureau head was interviewed to give an idea on how the finance and economic development bureau manage their task concerning the budget allocation process in the region. He said that there is no fixed formula or predetermined standard to guide the finance and economic development bureau decision. Most of the time they determine the amount of budget to the education sector by understanding and negotiation and in the case of the capital investment tried to consider the five year development plan as terms of reference to guide their decision.

In table 10, item 3, nearly 75.68% of RED and 85.19% of ZED said that the allocated budget is not disbursed on time. The delay makes both offices not to use the budget on time due to this fact the budget utilization is lower than the approved budget at the regional bureau level. Because to allocate the budget to the ZEDs, it needs another approval from regional education bureau. This process makes the budget allocation to zones longer and longer. This delay emanates form the higher bodies and regional education bureau bodies. The annual budget of the region comes from the federal government in the form of subsidy, but, the regional council does not announce on time and makes delay to approve the regional budget.

Table 11: Utilization of educational budget

No.	Item	REBE		ZEDE	
		No.	%	No.	%
1.	Is the allocated budget fully used at ZEDs and REB				
	Yes	8	21.62	4	14.81
	No	29	100	23	85.19
	Total	**37**	**121.62**	**27**	**100**
2	What are the main causes for the under utilization of allocated budget				
	i. Delay of budget approval	14	37.84	8	29.63
	ii. Delay of budget disbursement	17	45.95	19	70.37
	iii. B iding procedures	6	16.21	-	-
	iv. Others	-	-	-	-
	Total	**37**	**100**	**27**	**100**

As it can be seen in the table 9, REBEs, and ZEDEs gave the obstacles that causes not to utilize their annual budget. About 70.37 percent of ZEDEs said due to the delay of budget disbursement and remaining 29.63 percent of them said that delay of budget approval by the regional council causes under utilization of the appropriated budget. The same factors were suggested by REBEs except they added that biding procedures and rules are too long and bureaucratic.

The ZEDEs responded that the unutilized part of the recurrent budget is observed both in operational cost and in salary. Operational cost, since the type of the budget used by REB is line budget; they put more money in some

codes and less money in the needed codes without the influence of ZEDs and REB department. Therefore, this creates under utilization of the operational cost. In addition to this, there is also unutilized salary budget, because some teachers and personnel leave their work in different ways such as shift to other sector, death and other cases.

The largest part of the unutilized budget is observed in the capital budget. This is due the long biding procedures and procurement and lack of capable contractor for the construction activities. Moreover, the estimated recurrent budget to carry out the capital budget activities is very little. This means the available recurrent budget cannot facilitate the implementation of the capital projects. These capital projects are the construction of primary and secondary schools and the procurement of furniture and text books. During the implementation, these projects confront some problems such as lack of consultancy services from the concerned sectors like labor and urban development bureau. There is also lack of capacity to manage and implement projects funded by donor agencies.

Different problems can effect the effective management of the financial resources of the REB. Therefore, the majority of the respondents have reported that problems are existing in the educational finance and budgeting. Definitely these problems will have impact in the way the financial resources of the bureau are managed unless appropriate solutions are found. According to their views the problems are: -

- The incremental nature of the budgeting based on previous years figures instead of evaluation of expected impact and outcomes.
- Lack of knowledge of real unit cost of education expenditure per student per level of instruction.

- The absence of monitoring instruments on actual budget implementation during the fiscal year, which causes large differences between approved and actual budgets.
- The allocation of the budget for the education is based on the available resources and not on the needs of the educational bureau.
- Budgetary procedures for the education bureau have remained unchanged for many years and require updating.
- Educational bureau do not stimulate prioritization of expenditure and its allocation between levels of schooling.
- The recurrent budget of the bureau is designed in such a way to cover the salary of employees, while the non salary budget is considered of secondary importance and is subject to cuts and delays in disbursement which leads non-payment in some occasions.

- The preparation of the budget at the REB is not based on:
  - Enrollment by levels
  - New-intakes in grade one
  - Expenditure norm per student
  - Student teacher ratio
  - Student classroom ratio
- There is no fair research and formula-based method of educational resource to the zone.

- ❖ Teacher absenteeism and ghost teachers are familiar phenomena in the ZEDs.
- ❖ Delay of the payment of the teacher's salary up to 3 – 5 months in most of the zones.
- ❖ Teacher's salaries are not paid to the teachers but taken and corrupted by ZFD. It is common particularly in Fiq Zone.

It is evident that there are a number of problem areas and weaknesses in the existing educational finance and budgetary procedures for the education in the region. Therefore there is a need to review budgetary procedures of the education system with the view of the process of decentralization, financial diversification and the role of finance bureau and donors in the development of the education system.

Chapter Four

Summary, Conclusion and Recommendations

4.1 Summary

The major purpose of this study was to assess, identify and examines factors that effect the effective management of financial resources in Somali Region Education. It also tries to find out where, in the process of budgeting, decisions about financing of education are made and who makes those decisions; to assess whether or not the budget allocated for the education is properly utilized.

In order to achieve the purpose of this study, the following basic questions where raised: -

1. What are the basic reasons why financial resources of Somali Region Education Bureau are poorly managed?
2. What are the sources of finance of the regional education system
3. How effectively is the financial system managed in budget allocation and implementation?
4. To what extent is the human resource capacity of the region effective in managing financial resource in the view of the existing financial policies.
5. What improved strategies can be devised, so as to effectively manage financial resources effectively,

The study was carried out in 45 primary schools in six zones including the six zonal offices and regional education bureau officers. Beyond administering 92 questionnaires to school principals, 27 zonal education experts and 37 regional education bureau experts, interviews were made with zone education department heads and heads of educational bureau and finance and economic development bureau for further clarifications with regard to the study undertaken. Moreover documents available in the regional education bureau and BOFED were additional source of information.

The data obtained were analyzed using percentage and simple mathematical methods. Based upon the analysis made the following findings were found.

1. There were no female education personnel at bureau and zone level. Female participation in the management of the regional education system accounted only 4.3 percent and they were all school principals

2. Concerning academic qualification 67.57 percent of the regional education bureau experts had diploma or certificates. The data also shows that 85.18 percent of the zone education experts and 96.74 percent of the school principals are diploma or certificate holders.

3. With regard to the training, 62.16 percent of the REBE, 92.59 percent of the ZEDE 96.74 percent of the school principals had not attended training concerning the management of the financial resources of their respective bureaus. This implies that most of the financial managers in the educational system lack knowledge and skill in order to discharge their financial responsibilities.

4. Respondent's opinion toward the existing financial policies 51.35 percent of the REBE, 81.48 percent of ZEDE and 92.39 percent of the school principals admit that existing financial policies hinder the collection of

internal income for the schools. Most of these experts and school principals argued that, on one hand the government policies enforced free education up to grade 10 and on the other; the government did not allocate running cost to the schools. This contradicting situation made the existing financial policy in effective and caused hindering the effectiveness of the teaching learning process as well as on the performance of the schools. Moreover, the educational strategy of the country encourages community participation, but school principals reported that they lack appropriate guideline which necessary to collect registration fee and other community contributions properly.

5. The respondents were asked to identify the main source of finance for the education system of region. 89.19 percent of the REBE and 92.59 percent of ZEDE and 91.30 percent of the school principals said that the main source of the finance of the education system is the government budget, although there are donor agencies and local communities who supports the system in cash and in kind.

6. The school principals were asked whether their schools have their own income. About 91.30 percent of the sample schools respond that, they do not have their own source of income. The remaining 8.70 percent said that they have their own income. The range of the amount of income in each school differs depending on the existing resource base of the school. The resource bases are not same in all schools. It also depends on the location of the school i.e. whether the school is located in urban or rural area. The data collected from the schools also indicates that urban schools have more income than rural schools. The annual income of the majority of the schools is 5,000 or less. There are also schools which do not have any income at all.

7. Concerning the registration fee, 90.22 percent of school principals said that parents do not pay registration fee for their children at the beginning of the school year. The remaining 9.78 percent of the school principals said that they collect registration fee from the parents. Majority of these schools are urban schools.

8. Despite the absence of registration fee, school principals gave their additional response to the open ended questions and they said that, the local community supports the schools in different ways some times schools prepare special programs and ceremonies and in this occasion they try to promote the schools goal and solve existing problems. The local communities sometimes participate by providing labor and local materials during construction. In some occasions they construct schools and additional classrooms for their own resource and initiative. They also contribute some amount of money to pay the salaries of some teachers and certain support staff so as to strengthen the schools manpower.

9. The majority of the school principals (95.65 percent) indicate that no participation of the school on budget planning and preparation, simply ZED proposes its need to REB. In the absence of the participation of the beneficiaries, the danger is that the process of the budget will lack transparency and depend on negotiating and relationship strength of that school with the ZED than the needs of the school. The school principals also cited that schools are in problem to cover their operational cost. They further stated that the previous and dependable source of income i.e. registration fee, has been prohibited in the name of free education and on the other hand ZED do not allocate any budget to the schools.

10. About 88.88 percent of ZEDE said that no need to propose the budget request to REB, because REB by its own initiative allocates budget to

zonal education departments. The responses gathered from the open ended and interview questions indicated that the allocation of the budget to the zones is determined by the availability of more budgets in the REB. Hence, it is not the request of the zones that works in this case. Rather it is amount of budget that REB obtained that causes the allocation of the operation cost to the zones.

11. There is no budget system or budget committee at the zone or woreda level. In addition to this, no budget is assigned to woreda or zone offices when the budget is discussed at the regional council. The only means that the zones and woreda offices get their budget is through their line bureaus. This means that education bureau prepares, allocates and approves the budget of the ZEDs with or mostly without the influence of the ZEDs.

12. The transfer of the budget from one budget item to another is not possible. Because this can be done by the bureau of finance and economic development with the influence of the regional education bureau.

13. At the regional education bureau level, there is no fixed formula or predetermined standard that guides the finance and economic development bureau decision. Most of the time they determine the amount of budget to the education sector by understanding and negotiation and in the case of the capital investment, they tried to consider the five year development plan of the region as terms of reference to guide their decision.

14. Both REBEs and ZEDEs said that the allocated budget is not disbursed on time. The delay makes both offices not to use the budget on time. Due to this fact, the budget utilization is lower than the

approved budget at the regional education bureau level. Moreover, to allocate the budget to the ZEDs, it needs another approval from regional education bureau. This process makes the budget allocation to the zones longer and longer.

15. At the regional level, budgeting is seen as a whole. There is no different budgeting procedure for the education system. There is general budget preparation guideline for the sectors. Education is one of the sectors in the top of the priority list.

16. All donor loans and part of international aid invested in education area channeled through central government via ministry of education. The central government announces particular guidelines and regulations to govern these assistance resources.

17. The REB implements the annual budgetary preparation. The budget estimation is based on neither the forecast of enrollment nor the teacher student ration. It is based on the staff payroll of the previous year.

18. The REB has the major responsibility for negotiations with BOFED on the regional budget on education both for recurrent and capital expenditure. The negotiation of the draft budget is the most difficult step in the budgeting process. The negotiated draft budget is submitted to the regional council to consolidate the overall regional budget. Experience also shows that the budgetary estimation is usually higher than the available government revenue suggested by the BOFED as a result, it is often difficult for both sides to achieve agreement. In such cases, the regional president usually agrees with suggestions of BOFED.

19. Upon receiving the budget allocation from BOFED, REB distribute the correct draft budget allocation to ZEDs and TTI and at the same time inform ZFD in order to monitor, supply and manage the allocated budgets to ZEDs. No organization other than BOFED would be allowed to change the already allocated budgetary tasks.

20. In the case where at the beginning of the budget year, the draft budget and budget allocation have not yet been decided by the regional council, as usually happens, the BOFED and ZFD are entitled to temporarily provide funds for the spending requirements that cannot be delayed until the draft budget and budget allocation are decided.

21. At the REB level, individual department heads know what they proposed at the beginning of the process but receive no further budget information. In submitting an individual request they therefore, cannot tell whether it will or can be honoured. As a result, all spending decisions are taken by the finance service upon the approval of the regional bureau head.

22. In its current presentation, the education budget does not provide the information necessary for output/activity monitoring and technical analysis of public spending equity, efficiency and impact. The lack of technical analysis largely contributes to the weaknesses of the education budget submissions, thereby putting REB in a vulnerable position during the negotiation as with BOFED.

23. The cost per student fluctuates from year to year, for example in 1992/93 – 93/94 the increase in the enrollment was nearly 30 percent where as the increase in the recurrent budget was 24 percent, and the data also indicates that when the number of students was steadily increasing, the cost per student fluctuates. During 1989/90 E.C the

demand of the salary was 88.02 percent out of the total recurrent budget of the education. This percentage was almost similar for other fiscal years. The other important point is that where these expenditure are incurred. Most of the operational cost is used at the regional level. ZEDs and schools get from these budget very little and none respectively.

24. Even though, there is a shortage in the budget of the education sector, there are also unutilized part of this budget both in recurrent and capital budget. The unutilized part of the recurrent budget is observed both in operational cost and in salary. The operational cost since the type of the budget used by the REB is line budget; they put more money in some codes and less money in the needed codes without the influence of ZEDs. There is also unutilized salary budget, because some teachers leave their work. The largest part of the unutilized budget is observed in the capital budget. This is due to the long biding procedures and procurement, and lack of capable contractors for the construction activities. There are also lack of capacity to manage and implement projects. This made the mean utilization of the capital budget 57.14 percent.

25. The majority of the respondents have reported that problems are existing in the educational finance and budgeting of the region. Some of these problems are preparation of the budget with out considering enrollment by levels, new intakes in grade one and expenditure norm per student. In some occasions and teachers' salaries are not paid to the teachers but taken and corrupted by ZFD. It is common particularly in Fiq zone.

4.2. Conclusion

The majority of the financial managers of the education system were not given training on financial management. This may affect negatively the commitment and performance of those managers and school principals.

The existing financial policies strongly supports that education is free and the government should pay all cost of education. But due to poor financial management, schools did not receive allocated budget.

Society view education as a means to escape a life of poverty. As a result schools become institutions that can promote students in to greater economic and social benefits. Based on these facts, societies pressurize the governments to cover the cost of education. Therefore governments are the main financiers of the education in general and basic education in particular. But in Somali Region, the situation is contrary. The schools do not receive running cost, and society is not aware of it.

Few schools have their income from different sources. The source bases are not the same in all the schools. The income level of the schools depends on the resource potential of each school. The urban schools have higher base of resource than the rural schools. These urban schools arrange special programs to collect fund for their schools. Unfortunately the annual income of the majority of these schools is 5000 or less. This shows that even the schools that have some amount of income cannot carry out teaching – learning process effectively. Moreover, lack of guideline makes the school management to be passive, in generating the income of the school from parents and local communities. Unless the regional government has the managerial and financial capacity to cover the shortage of operational costs of those schools which have

very low income it will guide inequity between schools in their resource and their educational quality.

As it has been mentioned, the institutions which involve the preparation of the budget is the regional education bureau alone. Most of ZEDE and school principals said that they do not participate in preparation of the annual budget of the education sector. It seems that there is no coordination and cooperation among schools, ZEDs, and REB in the process of formulating the annual budget of the teacher's salary and other administrative costs. This practice will bring the school management & ZED to be passive and consider themselves as bodies who do not involve in such kind of critical decision making. In addition the school leadership does not make mutual understanding with the higher bodies on the way how the limited resource is allocated between the unlimited needs of the education system.

In the process of budgeting, there is no common understanding among the school, ZEDs and REB. The majority of the school principals and ZEDs said that, budget planning starts from the REB and ends to BOFED. This is a centralized type of budgeting. Moreover, lack of clear knowledge on the process of the budget allocation for the education system will have negative impact on the planning approach. In this situation there is also confusion about which approach of planning that REB follows bottom up or top down approach.

There is no predetermined standard on how to allocate budget for the zones. This indicates that there is no consistent allocation of budget to the zones.

The budget that is subsidized by the central government to the regional states is in form of lump sum to be disaggregated into capital and recurrent budgets. Then there is no a budget ceiling or lump sum budget which is given to the zonal administration by the regional council. The only way that the zonal administration gets its budget is though the line bureaus. Each bureau

prepares the budget of its offices of zonal and woreda level after it receives the approval of over all budget of that sector from the regional council. During this process, there is delay in the approval and disbursement of the budget. This delay will bring the under utilization of the allocated budget with that fiscal year.

Thus, it is possible to generalize that the budget system of the region is not appropriate to the region. First, there is no budget system or budget committee at the zone or woreda level. Moreover, no budget is assigned to woreda or zone offices when the budget is discussed at the regional council. The only means that the zones and woreda offices get their budget is through their line bureaus. This means that education bureau prepares, allocates and approves the budget of the ZEDs and woreda offices with or mostly without the influence of those offices. In addition, there are no clear criteria or standard used to allocate the budget to the ZEDs or woreda offices. Secondly, the transfer of the budget from one budget item to another is not possible. Because this can be done by bureau of finance and economic development with the influence of the regional education bureau. The interview with ZED heads added to these by pointing out the process of transferring budget from one item to another is long and it is the main problem for the management of the budget.

Many schools do not get an operational budgetary support. However, some of them are supported in the form of the material provision. Therefore, the discretion on the education spending is largely outside of the hands of the grass root level education managers. This creates a context in which it is hardly possible to instill a culture of budget management.

At the regional education bureau level, departments get better financial training and technical support compared to the schools and ZEDs. They are in better position to prepare better organized, realistic plans and budgetary documents. However, finance and economic development bureau (BOFED) decide the

amount of the budget to the education sector by understanding and negotiation. Therefore, there is no uniform process and in the decision of budget allocation. It is to mean that the amount of budget which is proposed by the REB can be rejected or accepted by BOFED. There is no fixed standard to measure and approve the budget proposal.

The finding show that the development programs of the education system, starting from the planning of the programs up to the budgetary administration are, in most case, carried out by the REB. This is one of the main reasons for the weak management of the capital budget particularly in its utilization.

The BOFED usually allocates the new Year's budget based upon last year's allocated budget, without considering the programs of the REB and this practice have negatively affected the financial management of the education bureau.

It has been found that the capital budget allocated for the education system was less than their requisite. On the other hand, they do not utilize a large amount of the allocated capital budget. Hence, this may negatively affect the goal of the government to educate the mass.

There are many reasons which becomes obstacles of the annual budget utilization. The first reason is that, during budget preparation there is overestimated budget for the projects and delay in the approval and disbursement of funds. The second reason is that there are rules and regulations that impedes the utilization of the allocated budget. There are also bureaucratic procedures in auction to procure equipment and construction activities. Particularly, the capital budget under spends due to the, contractors fail to live up to the contractual agreement made with the REB. The urban development bureau has also low capacity to perform consultancy service and at the same time the REB has a shortage of civil engineers so as to make

follow up on the capital projects. The last reason is the delay in the fund disbursement by donor agencies. This creates not to use the matching government fund. The foreign component of the capital budget has many donors that have different approaches in accounting and procurement systems which are very difficult and bureaucratic to work with it smoothly. Most of the agreements are accomplished by the MOE and the region education bureau lack full information on the projects.

The reasons which impedes the utilization of the recurrent budget mostly emanates from salary codes. There are employees who leave their occupation due to the various reasons. Therefore, one hand the government has limited resource; on the other hand the annual budget is not fully utilized effectively and efficiently. Thus, there is a need to find solutions for such problem to utilize fully the allocate budget.

4.3 Recommendations

Based on the findings and conclusion of the study and the review of related literature the following suggestions are recommended for effective management of the financial resource of the REB.

4.3.1. It has been found in the study that most of the personal managing finance of the schools and ZEDs lack professional competence. This has affected the management of finance starting from planning to operation. Thus, intensive training about the financial management should be given to all administrators of the education system as a whole and school principal particularly. Because school principals are the future administrators of our education system.

4.3.2. The existing regional financial policy is not encouraging school principals to participate in income generating activities. Hence, the existing financial policies of the government have a role in inhibiting the schools from growth and development. Therefore to alleviate this problem, the regional government should make policy amendments and set appropriate guidelines which enable the school principals to collect registration fee and other community support properly. Moreover, the policy makers should revise policy statements and regulations to increase the efficiency of the schools so as to satisfy the educational needs of the region. To do so, schools must be allowed to generate funds from different sources and to utilize those funds for the development programs of their schools. In addition to this, they should be given autonomy to plan and manage the development programs, as well as to administer and control the capital and recurrent budget of their schools.

4.3.3. The main source of finance for the regional education bureau is government budget and this may impede the development of the education system and limit the capacity of the government to extend access to the education due to the large amount of the investment that education requires. Hence, in order to solve this challenge and enable the government to extend access the sources of finance must be diversified. The main source should be different fundraising programs. Schools have to create different methods and means of generating income. The findings also indicate that few schools currently raise a small amount of money from different sources. Even these schools, it was difficult to get data that indicate how much they get in different years from each item. Hence it is important that the schools and ZEDs pay attention to their information management system so as to improve the efficiency and effectiveness of their financial management.

4.3.4. The preparation of the budget based on inputs may stimulate to work hard and to get more budget for the development programs of the system. Hence, it is recommended that REB should consider enrollment, new-intakes and expenditure norm per student in the preparation of its budget. Moreover the output of the institutions should be considered in order to allocate the budget more appropriately.

4.3.5. To utilize the capital budget as well as recurrent budget effectively and effectively, the approach of the budget preparation should start at the bottom, i.e. at the school level. Administering and managing of the allocated capital as well as recurrent budget should also be carried out by the school principals and ZEDs. Moreover, REB should pay attention to plan their budget properly and utilize the allocated.

4.3.6. To use the available money efficiently and effectively, the Somali Region education bureau should develop appropriate system of managing financial resource which coordinates the financial resources from school to the regional education bureau.

4.3.7. Since it is free education, there is a need from the government side to be pragmatic to allocate the necessary operational costs to schools or to issue rules and regulations which allow schools to collect their own income from different resources.

4.3.8. To solve scientifically the problems that may exist in the management of financial resources of the region, additional researches are needed. Those researches may track the flow of resources through various levels of the regional government in order to determine how much of resources are allocated and reach each level.

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Appendix A

ADDIS ABABA UNIVERSITY

School of Graduate Studies

Faculty of Education

Department of Educational Planning and Management

(To be filled by zone education department or regional education bureaus staff)

The purpose of this questionnaire is to collect data for a study leading an MA degree in educational planning and management. It is administered to assess your views about the management of financial resources in Somali region education bureau. The findings of the research and recommendations that follow will serve as inputs for improvement in the management of financial resources in Somali Region Education Bureau.

Therefore, in order to obtain pertinent and reliable information that subscribes to the success of this study, in giving your full answers to the items is highly indispensable. Moreover, all the information you supply will be kept confidential and you do not need to write your name on the questionnaire.

Thank you, in advance for your cooperation.

Part I: General Characteristics of Respondents

1. Zone _____ REB ☐
2. Your position _____
3. Sex: Male ☐ Female ☐
4. Educational level

   a) PhD ☐ b) MA/M.Sc ☐ c) B.A/B.Sc ☐

   d) 12+2/Diploma complete ☐ e) 12+1 ☐ f) Grade 12 ☐

   g) Others specify _____
5. Age: 20 - 25 ☐ 26 - 30 ☐ 31 - 35 ☐

   36 - 40 ☐ 41 - 45 ☐ 46 - 50 ☐ 50 and above ☐
6. total number of years of service _____
7. Field of education/training

   Major _____ Minor _____
8. Have you attended training concerning financial management?

   A. Yes ☐ B. No ☐
9. If your answer for question "8" is "yes" for how long?

   A. From 1 - 4 weeks C. From 4 - 6 months

   B. From 1 - 3 months D. For 1 year

   E. Others specify _____
10. Please mention the benefits you obtained from the above training.

    A. _____

    B. _____

    C. _____

    D. _____

Part II: Financial Policies

11. Do you think that schools lost their opportunity to collect their internal income due to the presence of policy/regulations that hinders it to do so?

    A. Yes ☐ B. No ☐

12. Can you mention some of the regulations/policies which cause hindrance to collect school internal income from different sources?

_____

_____

_____

_____

_____

_____

Part III: Source of Finance and Budget Process

13. What are the sources of educational finance

    A. Government budget ☐

    B. Foreign aid ☐

    C. school Internal income ☐

    D. Others specify: _____

_____

_____

_____

14. What is the procedure used for requesting budget for the education sector at the zonal level?

    A. Starts from school Via ZED to REB ☐

    B. REB by its own initiative allocate budget to zonal education department (ZED) ☐

    C. Mention other processes if any:_____

    _____

    _____

    _____

15. What is the procedure used for requesting budget for the education sector at the regional level?

    A. Starts from zone education department via regional education bureau to finance and economic development bureau. ☐

    B. Finance and economic development bureau by its own initiative allocates budget to regional education bureau. ☐

    C. Please mention any other : _____

    _____

    _____

    _____

16. Is the budget discussed by a committee formed by the regional education bureau including zones before its submission of finance and economic development bureau?

    a) Yes ☐ B) No ☐

17. What is the experience you have in doing so?

_____

_____

_____

18. If your response for item "15" is "Yes", which budget code does the committee highly make arguments from year to year?

_____

_____

19 Is the fiscal year budget get approved on time?

A. Yes ☐ B. No ☐

20 If your response for question "19" is "No", what would you think the reason for that?

_____

_____

_____

_____

_____

21 Is the budget allocated disbursed on time

A. Yes ☐ B. No ☐

22 If your response for question "21" is "No", what would be the reasons?

_____

_____

_____

_____

_____

23 The strategies used by ZED/REB for allocating budget to the different programs or codes are based on

i. input

ii. output

iii. others

specify_____

_____

_____

_____

24 What are the arguments frequently raised between zonal education department (ZED) and regional education bureau (REB) in budget allocation process?

_____

_____

_____

_____

_____

25 What do you say on the amount of budget allocated for education sector from the government

A. High ☐ B. Medium ☐ C) Low ☐

26 Please give reasons for your response for question "25"

_____

_____

_____

_____

_____

27 Do the zonal education departments and regional education bureau use the budget allocated for them?

A. Yes ☐ B. No ☐

28 If the allocated budget is not fully used what are the reasons for it?

a. Not approved on time ☐

b. Not disbursed on time ☐

c. Presence of long bureaucratic process in procurement and construction ☐

d. Please specify others:_____

_____

_____

_____

29. It is assumed that there is a shortage of budget for educational activities. On the other hand, the budget allocated for the education sector is not fully utilized, why?

_____

_____

_____

_____

_____

30.Please give your suggestion on aspects that have to be approved on the management of financial resources and budget allocation, utilization process.

_____

_____

_____

_____

_____

APPENDIX B

ADDIS ABABA UNIVERSITY

School of Graduate Studies

Department of Educational Planning and Management

(To be filled by the school principals)

The purpose of this questionnaire is to collect data for a study leading an MA degree in educational planning and management. It is administered to assess your views about the management of financial resources in Somali region education bureau. The findings of the research and recommendations that follow will serve as inputs for improvement in the management of financial resources in Somali Region Education Bureau.

Therefore, in order to obtain pertinent and reliable information that subscribes to the success of this study, in giving your full answers to the is highly indispensable. Moreover, all the information you supply will be kept confidential and you do not need to write your name on the questionnaire.

Thank you in advance for your cooperation.

Part I: General Characteristics of Respondents

1. School name _____ Year of establishment _____

   Zone _____ woreda _____

2. Grade level of the school

   A. 1 - 4 ☐ B. 5 - 8 ☐ C. 9 - 10 ☐

   D. 11 - 12 ☐ E. 9 - 12 ☐

3. Sex: Male ☐ Female ☐

4. Educational level

   a) PhD ☐ b) MA/M.Sc ☐ c) B.A/B.Sc ☐

   d) 12+2/Diploma ☐ e) 12+1 ☐ f) Grade 12 complete ☐

   g) Others specify _____

5. Field of specialization

   Major _____ Minor _____

6. Age: 20 - 25 ☐ 26 - 30 ☐ 31 - 35 ☐

   36 - 40 ☐ 41 - 45 ☐ 46 - 50 ☐ 50 and above ☐

7. How long have you stayed in this school? _____

8. total number of service of years _____

9. Is the school works in shift system

   A. Yes ☐ B. No ☐

10. Have you ever been offered training concerning financial management

    A. Yes ☐ B. No ☐

11. If your answer for question "10" is "Yes" for how long?

    A. From 1 - 4 weeks C. From 4 - 6 months

    B. From 1 - 3 months D. For 1 year

    E. Others specify _____

12. Please indicate the benefits you obtain from the above training you participated.

A. _____

B. _____

C. _____

13. What do you say about your school, do you say that it is well equipped, have adequate furniture, blackboards, textbooks, sport materials, instructional materials etc?

A. Yes ☐ B. No ☐ C. It has only few materials ☐

14. If your response for item "13" is "No" what are the reasons? Please mention the major factors

A. _____

B. _____

C. _____

15. As a director, Are you paid now, the actual salary allotted for your position.

A. Yes ☐ B. No ☐

Part II: Financial Policies

16. Do you think that the schools loss their opportunity to collect their internal income due to the presence of policy/regulations that hinders it to do so?

A. Yes ☐ B. No ☐

17. Can you mention some of the regulations/ policies which cause hindrance to collect school internal income from different sources?

_____

_____

_____

_____

_____

Part III: Source of finance and budget allocation

18 Does your school have internal income source other than direct budgetary support from the government

A. Yes ☐ B. No ☐

19. If your response for question "16" is "Yes" what are the sources of income for the school

A. From evening classes
B. From land rent
C. From penalty
D. From Community support
E. Others specify _____

20 Does the school charge for registration fee?

A. Yes ☐ B. No ☐

21 Is there running cost other than salary of teachers and personnel, allocated from the government

A. Yes ☐ B. No ☐

22. If your response for question "19" is "Yes", in which way the school receives its running cost allocated from the government.

C. Only in kind ☐
D. Only in cash ☐
C. cash with more material ☐
D. Material with more cash ☐

23. What is the procedure used for demanding running cost from the government?

E. The school proposes its need to the ZED ☐

F. Zonal Education Department (ZED) proposes its need to Regional Education Bureau (REB) ☐

G. The school has its own internal income and there is no need to request from ZED ☐

H. Others specify: _____

_____

24. The average annual running cost allocated for the school amounts Birr

a) Less than 5000

b) 5001—10000

c) 10001---15000

d) 15001---20000

e) 20001 and above

25 Does the school utilize its internal incomes without getting permission from zone finance department (ZED)

A. Yes ☐ B. No ☐

26. If your response for item "25" is "No" what is the right procedure used to utilize the schools internal income?

_____

_____

_____

_____

27. What are the arguments frequently raised between the school and zone education department in running cost allocation process

_____

_____

_____

_____

28 Does the school utilize all allocated budget on that fiscal year?

A. Yes ☐ B. No ☐

29. It is believed that adequate investment on teaching learning activity helps for improving quality of education. What is your recommendation for improving the budget allocation process, especially the running cost, from your observations of the school activities?

_____

_____

_____

_____

_____

30. Please mention other factors that have to be considered in budget allocation process for the schools.

_____

_____

_____

_____

_____

Appendix c

Interview Questions to Bureau Head, Deputy Bureau Head and Department Heads of Somali Region Education Bureau and Zones

1. What are the main challenges of the management of financial resources in Somali region education bureau/zone department

2. Who makes the basic financial decisions according to your believe?

3. Finance and economic development bureau is the responsible body in the region to determine budget allocation for the education sector. How could they manage to undertake their task?

4. What is your judgment on the current practices of budget requisite, allocation and utilization process. What do you suggest to improve the situation?

5. Is the allocated budget adequate for implementing the education sector development program?

6. Schools do not received any running cost from the bureau/office. In this situation, it will be clear that the schools do not implemented their activities. Having aware of this, does the bureau design any mechanism to alleviate this problem in the schools.

7. How do you evaluate the efficiency and effectiveness of financial management of the education sector?

8. Is there any other strategy for financing education in the region other than public expenditure?

9. What are the main problems of budgeting for education in the region.

10. What are the possible solutions that should be taken in to account for the problems of budgeting in education sector in the region.

11. After the formation of regional states and decentralization of authority, what advantage do you think, have been earned with respect to financial management?

12. According to you experience in the education sector, do you have any comment or suggestion that you would like to forward in respect of financial management of the education sector.

Appendix D

List of Sample schools

No.	Name of the schools	Zone	Woreda	Grade
1.	Jijiga senior secondary school	Jijiga	Jijiga	9 – 12
2.	Hussein girre Primary school	"	"	5 – 8
3.	Shek Abdisalam Primary school	"	"	1 – 6
4.	Wiil-waal primary school	"	"	1 – 6
5.	Ahmed Gurey Primary school	"	"	1 – 6
6.	Wenow Primary school	"	"	1 – 4
7.	Jinaksani Primary school	"	"	1 – 8
8.	Lafa ise primary school	"	Aw-bare	1 – 8
9.	Shek Hasan Nuriye primary school	"	"	1 – 8
10	Harshin Primary school	"	"	1 – 8
11.	Shek Mumin Primary school	Dhegahbur	Dhegahbur	1 – 8
12.	Horale Primary school	"	"	1 – 6
13.	Ararso primary school	"	"	1 – 6
14.	Dhegahmadow primary school	"	Dhegahmadow	1 – 6
15.	Sultan Bex Primary school	"	Aware	1 – 8
16.	Kam abokar primary school	"	"	1 – 8
17.	Ugas Mohu'd primary school	"	Dhagahbur	1 – 8
18.	Said Ali	Fiq	Fiq	1 – 8
19.	Kulan	Fiq	Fiq	1 – 4
20.	Moh'ud mire	Fiq	Hamaro	1 – 4
21.	Gasan Cas	Fiq	Hamaro	1 – 6
22.	Raage Ugaas	Fiq	Sageg	1 – 6
23.	Agerwayne	Fiq	Garbo	1 – 8
24.	Garbo	Fiq	Garbo	1 – 4
25.	Sayid Moh'ed	Gode	Gode	1 – 6
26.	OWS	Gode	Gode	1 – 6
27.	Badel Sagal	Gode	Gode	1 – 6
28.	Dolal	Gode	Gode	1 – 6
29.	Marab Gode	Gode	Gode	1 – 4
30.	Mustahil	Gode	Mustahil	1 – 8
31.	Kelafo Primary school	Gode	Kelafo	1 – 6
32.	Baruri	Liban	Filtu	1 – 6
33.	Filtu primary school	Liban	Filtu	1 – 6
34.	Haro primary school	Liban	Filtu	1 – 6
35.	Masajidka	Liban	Filtu	1 – 8
36.	Bura minnow	Liban	Doloado	1 – 6
37.	Bokol maye	Liban	Doloado	1 – 6
38.	Doloado	Liban	Doloado	1 – 6
39.	Biki	Shinile	Afdem	1 – 8

No.	Name of the schools	Zone	Woreda	Grade
40.	Afdem	Shinile	Afdem	1 – 4
41.	Hurso	Shinile	Erer	1 – 8
42.	Asbuly	Shinile	Erer	1 – 4
43.	Shinile	Shinile	Shinile	1 – 8
44.	Aysha'a	Shinile	Aysha	1 – 8
45.	Dewele	Shinile	Aysha	1 – 4

Declaration

I, the undersigned, declare that this thesis is my original work, and has not been presented for a degree in any university and that all sources of material used for the thesis have been duly acknowledged.

Name: Abdi Ahmed

Signature .

Date of Submission: oct. 2004.