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Assessment of Local Government Budget Allocation and Utilization In Public Sector: A Case of AbeshageWoreda

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Assessment of Local Government Budget Allocation and Utilization In Public Sectors In AbeshegaWoreda

A Thesis Submitted In Partial Fulfillment of the Requirement For The Degree of Master of Art In Development Planning And Management

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I, AdisuKinfe,declare that this Master Thesis entitled “Assessment of Local Government Budget Allocation and Utilization In Public Sector: A Case of AbeshgeWoreda” is my original work. That is, it has not been submitted for the award of any academic degree, diploma, or certificate in any other university. All sources of materials that are used for this thesis have been duly acknowledged through citation.

DECLARATION

I hereby declare that this thesis entitled as ***"Assessment of local government budget allocation and utilization in public sectorsin AbeshegaWoreda"*** is my original work and has not been presented for degree in any other university, and all sources of material used for this thesis/ dissertation have been duly acknowledged.

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ACRONYMS AND ABBREVIATION

BOFED	Bureau of Finance and Economic Development
CSA	Central Statistical Agency of Ethiopia
CSO	Citizens and Civil Society Organizations
EFY	Ethiopian Fiscal year
EMCP	Expenditure Management and control program
IMF	International Monetary Fund
MOFED	Ministry of finance and Economic Development
MTEF	Medium Term Expenditure Framework
OECD	Organization for Economic Co-Operation and Development
OFAG	Office of Federal General Auditor
ORAG	Office of Regional Auditor General
PFM	Public Finance Management
SNNPR	Southern Nations, Nationalities, and Peoples' Regional
SNNPRS	Southern Nations, Nationalities, and Peoples' Regional State
UNICEF	United Nations International Children's Emergency Fund
WOFED	Woreda Administration office of finance and economic development

TABLE OF CONTENTS

CONTENTS **PAGES**

DEDICATION iv

DECLARATION v

ACKNOWLEDGMENT i

ACRONYMS AND ABBREVIATION ii

TABLE OF CONTENTS iii

LISTS OF FIGURES vi

LISTS OF TABLES vii

Abstract viii

CHAPTER ONE 1

INTRODUCTION 1

1.1. Background of the Study 1

1.2. Statement of the Problem 3

1.3. Objectives 5

1.3.1. General Objective 5

1.3.2. Specific Objectives 5

1.4. Research Questions 5

1.5. Significance of the Study 6

1.6. Scope of the Study 6

1.7. Limitation of the study 7

1.8. Organization of the study. 7

1.9. Definitions of Key Words 8

CHAPTER TWO 9

REVIEW OF RELATED LITERATURE 9
2. Theoretical Framework 9
2.1 The concept of Budget Allocation 9
2.1.1 Budget Utilization 10
2.1.2 Concepts ofUnder and Over Utilization of Budget 10
2.1.3 Budget concept in Ethiopia 11
2.2 Empirical Reviews 12
2.2.1 Budget Preparation and Approval Process in Public Sectors 12
2.2.2 Participation of the Public and Stakeholders in the Allocation of Budget 15
2.2.3 Challenges of Local Government's Budget Allocation 18
CHAPTER THREE 22
RESEARCH METHODOLOGY 22
3.1. Description of the Study Area 22
3.2. Research Design and Approach 23
3.4. Sample Size 24
3.5. Sampling techniques 26
3.6. Data Sources and Type 26
3.7. Data Collection Methods 27
3.8. Data Collection Instruments 27
3.9. Methods of Data Analysis 27
3.10. Ethical Considerations 28
CHAPTER FOUR 29
RESULTS AND DISCUSSION 29
4.1 Socio-demographic Data of Participants 29
4.2 Budget Preparation and Approval Process of AbeshgeWoreda 30

4.3. Participation of the Public Sectors and Stakeholders in the Allocation of Budget in Selected Public Sectors of AbeshegaWoreda 33
4.4. Challenges of Local Government's Budget Allocation and Utilization 34
4.4.1. Challenges of Local Government's Budget Allocation in AbeshegaWoreda..... 34
4.4.2. Challenges of Local Government's Budget Utilization in AbeshegaWoreda 36
4.5 Evaluation of the Budget Utilization of the Public Sectors 38
CHAPTER FIVE 42
CONCLUSION AND RECOMMENDATION 42
5.1 Conclusion..... 42
5.2. Recommendation..... 43
REFERENCES 45
APPENDIXES 49

LISTS OF FIGURES

Figure:1 Map of the Study Area 23

LISTS OF TABLES

Table:1 Sample size and sampling techniques to be used 26
Table:2 Socio- Demographic Characteristics of respondents 29
Table:3 Public Sector Budget Allocation Process by Local Government 30
Table:4 Participation of the Public Sectors and Stakeholders in the Allocation of Budget in Abeshega Woreda 33
Table:5 Challenges of Local Government's Budget Allocation and Utilization 35
Table:6 Challenges of Local Government's Budget Utilization 36
Table:7 Evaluation of the Budget Utilization of the Public Sectors 38

ABSTRACT

This study sought to evaluate how local government budgets were allocated and used in AbeshegaWoreda's public sectors. The study was conducted through a thorough examination of the budget allocation procedure, spending trends, and the overall effect on the performance of the public sector. This study incorporated data from both primary and secondary sources. I employed qualitative and quantitative data analysis methods to collect and examine this data. In terms of assessing local government budget allocation and its utilization in public sectors within AbeshgeWoreda, the study provided a comprehensive analysis of the results and observations. The findings highlighted the allocation patterns, utilization rates, budget preparation and approval processes, stakeholder participation, challenges, and evaluation of budget utilization. The findings suggest that the local government budget allocation and utilization in AbeshgeWoreda encounter several challenges, such as limited stakeholder involvement, budget limitations, and problems with corruption and transparency. These challenges hinder the effective utilization of allocated budgets and impact the delivery of public services in the study area.Encourage active involvement of public sectors and other stakeholders in the budget allocation process through regular consultations and feedback mechanisms and enhance transparency and accountability in decision-making by providing accessible information on budget allocation and utilization The results of My study indicate a negative trend in budget allocation and utilization in AbeshgeWoreda.

Keywords: budget allocation, budget utilization, stakeholders, transparency, corruption

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Government budget is a public document that sets how a government in a power particularly country proposes to collect and spend money. The proposal containing governments budget reflect its policy priority and fiscal targets. In this way, the budget express the objectives and aspirations should in the theory at least, reflect those of the majority of the electorate. In out lining its plans for spending money, a government is explaining how it intends spending money that belongs to public (Shultz, 2002). This is because, spending needs certainly exceeds available funding, forcing government to make choice about allocation of scarce resource to meet competing need in the society. Budgeting force us to be aware of overall financial constraints, help in making difficult trade-off, and support efficient implementation of policies.

In developing countries like Ethiopia, it has become increasingly complex to manage budget allocation and utilization, because the roles of the government have been expanded and financial resources are in scarce supply to meet this ever-increasing social needs and population growth. Due to in adequate financial resources as opposed to an increasing demand for public service, there is a need to improve resource allocation through proper economic policy and expenditure planning.

The budget is often regarded as the lifeblood of the government, serving as a financial representation of its actions and plans. The budgetary system and public budget process significantly influence how the government functions. Consequently, building strong financial systems in a country begins with establishing a well-developed public budget. Furthermore, the public budget plays a vital role in promoting human development, fostering economic growth, and enhancing governance. For this reason, international organizations, donors, and civil society groups emphasize the importance of budget transparency and public participation to achieve better governance (Albassam, 2015).

According to Anwar, 2007, “The local fiscal administration involves various responsibilities related to providing government services to the public. These tasks include planning, implementing, financing, and evaluating programs. Effective execution of local programs enhances the well-being of citizens while maintaining the fiscal sustainability of government

operations and the local economy. These administrative functions can be carried out by the central government (potentially through its local branches), the local government, or a collaborative arrangement between the two. Examples of these approaches can be found in industrialized, developing, and transitional nations."

Public budgeting systems serve several important purposes, with one of their primary roles being the regulation of public spending. This is typically achieved through financial oversight of inputs. Louise, 2008, describes as budgeting outlining the anticipated costs and resources required for a planned course of action within a set timeframe. Budgets can be created for various entities, such as business units, departments, products, teams, or entire organizations. They play a crucial role in helping organizations to plan, manage, and control their operations while aligning with their strategic objectives.

From the perspective of public policy and budget allocation, the finance and profitable development office exhibits similar traits to other government sectors. This implies that citizens benefit from a government budget governed by the same general rules and procedures applied across all sectors. For budget allocation and implementation to be efficient and beneficial, they must be based on well-formulated and thoroughly developed plans and programs. The research studies indicate that 'governments with robust financial rules maintain strong budget discipline'. These rules emphasize both formal and informal procedures for budget preparation and expenditure management, (Schick, 2007).

In Ethiopia's government sectors, the fiscal year spans from July 1st to June 30th. During this time, the preparation and implementation of the public budget follow the current and medium-term expenditure framework. The budget preparation process involves executing the allocated budget and managing resources to achieve planned activities. However, during the current fiscal year, not all funds have been utilized as outlined in the proposed plan. These challenges arise when the allocated resources are insufficient to fully achieve the stated objectives(Fiseha, 2021)

Generally, government organizations, particularly at the woreda level, often face challenges in managing fiscal resources effectively across various social, economic, and developmental activities to achieve the desired outcomes. Moreover, any factors that hinder budget allocation and utilization negatively impact the overall performance of public sectors in AbeshgaWoreda.

1.2. Statement of the Problem

Moges (2012) conducted a study focusing on the budget process within ministries and agencies in developing countries. The research critically examines the formal budget procedures, including the decision-making involved in budget approval. It highlights discrepancies between approved and executed budgets in these sectors, which may arise due to leakages, insufficient execution capacity, or shifts in priorities during the middle of the fiscal year.

Uddin and Tsamenyi (2005) examined a Ghanaian state-owned agricultural enterprise responsible for marketing farmers' commodities and highlighted significant deviations from standard budgeting practices. Annual budgets were seldom reviewed systematically, and control procedures were largely ignored. This occurred primarily because the government oversight agency's capacity to monitor and evaluate the performance of state-owned enterprises was significantly undermined. The key reason for this was that the board members of the agricultural enterprise had strong political connections at the highest levels, which caused the formal authority of the oversight agency to be overshadowed by the enterprise's informal political influence.

The MOFED (2012) report 'highlights the crucial role of citizen involvement and civil society organizations (CSOs) in budget allocation to foster greater participation and transparency, which are essential for achieving the Millennium Development Goals'. However, implementation often encounters challenges such as unclear resource allocation, poor governance, and a lack of commitment and expertise. Additionally, transparency and accountability serve as core principles of the government's Protection of Basic Services National Program. Through this initiative, the government aims to significantly enhance the dissemination of budget and expenditure information at both regional and Woreda levels.

According to Getachew (2005), managing public expenditure allocation in developing countries has become increasingly challenging. This is due to the expanding roles of governments coupled with limited financial resources to address growing social needs and population growth. The imbalance between inadequate resources and rising demand for public services underscores the need for improved resource allocation through effective economic policies and expenditure planning. These efforts require realistic medium-term expenditure frameworks and annual budget allocations aligned with the policy objectives and priorities of government organizations. Such tools are crucial for enhancing public sector expenditure planning and management.

However, poor coordination among government levels has resulted in ineffective expenditure planning and budget management systems. A key issue is that budgetary institutions often lack clarity about their responsibilities within a given budget year.

To tackle these challenges and their underlying causes, and to meet the needs of local government budget allocation in the public sector, this study will support the transformation of local government budgeting processes at various levels. The study's findings aim to enhance the effectiveness and efficiency of public budgeting services. However, the issues are complex, and efforts are often hindered by these challenges. As a result, reports of problems related to local government budget allocation in public sectors are steadily increasing. The situation has become so pressing that there is an urgent need for relevant agencies to improve their current initiatives, potentially by adopting dynamic approaches and innovative ideas.

A study by Birhanu (2011) on the evaluation of budget practices in Ethiopia revealed that a major challenge in budgetary transparency is the timely access to budget information. As a result, the prompt availability of budget information was a key issue for most researchers.

Similarly, a study by Mohamed (2015), titled "Medium Term Expenditure and Budgetary Practice in Ethiopia," revealed that the process of drafting the public budget in Ethiopia lacks transparency and is not open to the public. He noted that publishing the Federal Budget is a move toward greater openness and transparency. However, the majority of research on local government budget allocations has focused on issues of transparency and participation within the broader federal context, with limited studies available on the specific situation of Guraghe Zone AbeshegaWoreda.

Previous studies, including those by Uddin and Tsamenyi (2005), Getachew (2005), Birhanu (2011), and Moges (2012), did not focus on the local government budget allocation process. In contrast, the current study will explore how local governments can enhance their budget allocation procedures and ensure that public sectors receive adequate funding to meet their needs.

This research focused on the budget allocation process of the local government, specifically in AbeshgeWoreda of Guraghe Zone. The local government in AbeshgeWoreda distributes its budget across various public sectors. However, it remains unclear whether the budget allocation is optimal and whether it effectively addresses the needs of these sectors. Each public sector has raised concerns about the budget allocation process, particularly during the preparation and

approval stages, citing a lack of transparency. The issues include underutilization of the budget in some sectors, while others exceed their initial allocation; budget reallocations without following proper procedures; poor monitoring and control of the budget; rushed spending at the end of the fiscal year; unresolved expenses; and discrepancies between expenditures and financial statements.

Therefore, this study aims to explore how the budget is distributed across various public sectors in the study area, the criteria used for these allocations, whether the budget distribution is adequate and effective in meeting the sectors' needs, and the challenges faced by the local government in budgeting and utilizing funds for public sectors in AbeshegaWoreda. The findings are expected to address gaps identified in previous research.

1.3. Objectives

1.3.1. General Objective

The general objective of this study is to assess the allocation and utilization of local government budgets in the public sectors within AbeshegaWoreda.

1.3.2. Specific Objectives

The study aims to achieve the following specific objectives. These specific objectives are:-

- To analyze the process of budget preparation and approval in specific public sectors within the study area.
- To evaluate the participation of public sectors and stakeholders in budget allocation across selected public sectors in AbeshegaWoreda.
- To identify the challenges of local government’s budget allocation and utilization in the study area
- To evaluate the budget utilization of the public sectors.

1.4. Research Questions

1. What looks like the budget preparation and approval process in selected public sectors of the study area?

2. How can be described the participation of the public sector and stakeholders in the allocation of budget in selected public sectors of Abeshega Woreda?

3. What are the challenges of local government's budget allocation and utilization efficiency in the study area?

4. What is the level of budget utilization efficiency in selected public sectors of the study area?

1.5. Significance of the Study

The results of this study hold significant value for the budget-holding sectors of AbeshegaWoreda in various ways. First, the data collected can act as a benchmark for understanding the trends in the allocation of both recurrent and capital budgets in AbeshegaWoreda over the past five years. Second, analyzing the effectiveness of budget implementation across sectors offers valuable insights into the performance of each sector and the overall budget management in the Woreda. This information can be crucial for shaping and strengthening the development and execution of planned budgeting in AbeshegaWoreda.

Thirdly relating the critical challenges and problems affecting the budget allocation and utilization of the AbeshegaWoreda is important input to design applicable results in each stage of the budget allocation and application process of the AbeshegaWoreda. Similar remedy conduct involves perfecting the fiscal operation process, mortal resource capacity, responsibility, and internal revision of fiscal processesin the Abishegaworeda. The mix of all this can help the budget-holdingsectorsachieveeffectivebudgetallocation and utilization that won't onlyuse the sector but alsoserve as a model to the other Woreda. The purpose of this studywastherefore to producepreciousinformation and criticalperceptivity for budgetallocation, and utilization. In doingso it intends to advance the institutional development of the AbeshegaWoreda.

1.6. Scope of the Study

The delimitation of the study was methodological, conceptual, and geographical boundaries. Methodologically, the concept of the study was assessing thelocal government budget allocation and utilization in public sectors. According to Bland and Rubin (1997), the budget allocation process includes four stages those are preparation, approval, implementation, and summary of the transaction. However, this study focusedonly on government budget allocation and

utilization. The spatial limitation of this study is in the case of Gurage zone, AbeshegaWoreda selectedeight sectorsnamely Agriculture, Urban development, Finance, Administration,council, Education, Health and Youth and sport. Furthermore, the researcher found the woreda to be easily accessible due to its favorable location. Additionally, the chosen sector serves as an umbrella organization for government entities concerning the regional finance system. As a result, the researcher believes it is beneficial to evaluate the local government budget allocation within public sectors at the study institution.

1.7. Limitation of the study

This study has faced the problem of collecting adequate data as it was expected because some respondents' especially planning and budgeting officers were not willing to give appropriate information because, they feared and felt suspicious of the research. Some of the respondents were carelessness in answering the questions in the questionnaire.

In addition to this, respondents from the selected sectors were not voluntary to fill and give back questionnaires at needed time. In line with this lengthy appointment to meet the responsible officials especially during interview to meet budget committee because they were busy by different meetings. To solve these problems the researcher attempted to announce the aim of the study in the introduction part of questionnaire that stated the goal of the study was for the fulfillment of academic requirement and for betterment of their future task

Respondents were unable to provide full information due to concerns about confidentiality, and there may have been biases in understanding the local government's budget allocation practices in public sectors. Nonetheless, the researcher made efforts to explore various secondary sources related to local government budget allocation practices in the public sector.

1.8. Organization of the study.

This research paper is structured into five chapters. Chapter one provides an introduction, including the background, problem statement, study objectives, significance, scope, and organization of the paper. Chapter two reviews both theoretical and empirical literature on local government budget allocation in the public sector. Chapter three describes the study area and outlines the research methodology, including research design, sampling procedures, tools, data collection methods, and data analysis techniques. Chapter four presents the key findings of the

study, along with their analysis and interpretation. Lastly, chapter five offers the study's conclusions and provides relevant recommendations to the study bureau regarding local government budget allocation practices in the public sector, based on the study's key findings.

1.9. Definitions of Key Words

Allocation is the process of assigning resources to implement programs and services in the public sector through the preparation and approval of budgets.

Financial Calendar: the timeline for each task and the organizations accountable for carrying them out, ensuring the plan and budget are methodically created and approved

Budget: A sanctioned plan for allocating a specific amount of money over a designated fiscal year or project duration.

Budget cycle: The process that governments use to plan, approve, and execute their yearly budgets.

A government budget is a document that outlines a governing body's expected income and planned expenditures for a fiscal year.

Expenditure: Allocating funds to various activities to meet government responsibilities in the public sector.

Fiscal year: A twelve-month period used for accounting and budgeting by the government.

Annual Fiscal Plan: A strategy that outlines the budget and expenditures for the upcoming fiscal year.

A plan is a series of actions designed to accomplish a specific goal or outcome.

The Medium-Term Expenditure Framework (MTEF) is a multi-year budgeting system that includes rolling budgets. It uses forward estimates, typically covering the next two to four years, which are prepared alongside the annual budget and serve as the foundation for creating subsequent annual budgets.

Planning Cycle: A process that assists public entities in preparing and approving multi-year Micro-Economic and Fiscal Frameworks, along with developing public investment programs.

Public Sector: This refers to any local government body that is legally established through proclamation or regulation, and is either fully or partially funded by government-allocated budgets. It submits its final accounts directly to the relevant authority of FEDO.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This chapter will offer a thorough review of relevant literature for the study. It will examine the findings from previous research concerning the current study. The literature review aims to provide the reader with an understanding of the theoretical foundation of the problem being investigated, as well as a summary of existing research and its connection to the issue at hand. The review will be based on a variety of sources, including working papers, journals, books, reports, periodicals, and online resources.

2. Theoretical Framework

2.1 The concept of Budget Allocation

The English term "budget" comes from the Middle French word *baguette*, a diminutive form of *bough*, meaning a leather bag. Essentially, a budget originally referred to a small leather bag. In medieval England, documents detailing taxes and expenditures were presented to Parliament by placing them in a small leather bag on a table before the assembly. Over time, the term came to refer not just to the bag but also to its contents, initially understood as a collection of items (Quick & New, 2001).

The meaning of the term has undoubtedly evolved since a country's resources were considered the personal property of the king, alongside the political shift from absolute monarchies to constitutional governments. Today, in most countries, including many African nations, the approval of the budget (the "power of the purse") serves as the primary means of legislative control over the executive, with public funds being spent only following the law (Shah & Von, 2007).

The English term “budget” is derived from the French word “baguette” and the Latin term “bulge,” which referred to a leather bag or large purse carried by medieval travelers, often hung on the saddle of their horses. The treasurer’s “bougette” eventually became the precursor to the small leather case from which finance ministers present the government’s annual financial plan. Originally used to refer to a wallet and later state finances, the meaning of “budget” gradually shifted in the 19th century to represent a financial plan, initially for governments and later extending to private and legal entities. It was during this time that budgets began to be seen as financial plans (Banovic 2005).

2.1.1 Budget Utilization

Once the council approves a budget, the government faces the challenging task of allocating the funds. Effectively managing public finances to achieve clear policy goals while ensuring value for money is often as difficult as planning the expenditure itself. Several assessments of Public Financial Management in developing countries show that these nations tend to perform much better in budget formulation than in budget implementation. Schiavo-Campo and Tommasi (1999) state that budget execution is the phase where resources are used to implement the programs outlined in the budget. They argue that it is possible to execute a well-designed budget, but it is impossible to successfully execute a poorly designed budget.

According to Allen and Tommasi (2001), the effective implementation of a budget relies on various factors, including the ability to adapt to changes in the macroeconomic environment and the implementation capabilities of the involved agencies. Furthermore, the budget system must ensure efficient expenditure control. A good budget execution system requires a realistic initial budget and a comprehensive system for tracking appropriations and accounts. It is essential to monitor transactions at every stage of the expenditure cycle commitment, verification, and payment as well as any reallocations between appropriations or budget items (Schiavo-Campo and Tommasi, 1999).

2.1.2 Concepts ofUnder and Over Utilization of Budget.

Allen and Tommasi (2001) observed that budget overruns sometimes occur due to budget directors failing to adhere to established spending limits when authorizing expenditures. Since appropriated spending is typically monitored through controlled cash allocations, such overruns often lead to spending arrears. These overruns are commonly attributed to off-budget spending practices, such as payments made from special accounts.

In certain countries, payments made through exceptional procedures are not adequately monitored against budget appropriations, making them a significant source of overruns. Strengthening the inspection and reporting systems, as well as enhancing the effectiveness of initial budget execution controls, can help address these issues. Additionally, overruns may result from deficiencies in budget preparation. Effective budget preparation processes and robust institutional arrangements are essential for preventing overruns (Allen and Tommasi, 2001).

Conversely, Allen and Tommasi (2001) noted that in several countries, the approved budget often remains underutilized, particularly in terms of non-wage expenditures. However, this does

not necessarily indicate strong financial discipline. In nations with weak governance, underspending on the approved budget may coexist with significant amounts of off-budget spending.

In most cases, both underutilization and overuse of resources are often linked to deficiencies in budget planning and program preparation. Overestimating budgets or making unrealistic revenue projections can lead to budget discrepancies during implementation and result in a phenomenon known as "repetitive budgeting." Peters (1998) identified several key issues in resource allocation and utilization, including poor planning, weak connections between policy development, planning, and budgeting, inadequate expenditure control, insufficient funding for operations and maintenance, a lack of alignment between the planned and implemented budget, weak accounting systems, unreliable financial flows to agencies and lower levels of government, and poor cash management (Peters, 1998).

2.1.3 Budget concept in Ethiopia

Parameswaran (2005) explained that budgeting in Ethiopia refers to the government's plan for its expenditures and revenues over a specified period. Typically, the government budget is prepared annually, aligning with the Ethiopian fiscal year (EFY), which runs from July 7 of the current year to July 6 of the following year. Budgeting encompasses various activities related to the government's expenditures and revenues. On the expenditure side, it involves determining the total amount of money allocated for the year, the distribution of funds across different functions, and the extent of spending on various activities.

On the revenue side, this involves ensuring the overall income level and external support. Additionally, budgeting addresses issues such as budget deficits (where expenditures exceed domestic revenues) and surpluses, along with their financing. Budgeting goes beyond financial considerations in a narrow sense; it is a crucial component of the government's broader economic policy. According to Yimer (2011), the Ethiopian government follows a structured budget cycle long-term, medium-term, or annual in planning and implementing the national budget. Zonal administrations conduct expenditure reviews to assess their past spending in alignment with government priorities outlined in the national Vision or corresponding Medium-Term Plan.

According to Age Worldwide (2009), in the Ethiopian context, during the initial stage of the budget process, all public institutions are required to carry out various budget preparation activities. These include conducting a mid-year review of the current fiscal year’s program and

preparing unit cost work plans for the upcoming fiscal year. In the second stage, the Ministry of Finance and Economic Development distributes a budget call letter and guidelines to all public institutions. Each institution must then prepare its budget requirements and submit them to the central authority.

The central office is responsible for consolidating and unifying the national budget before presenting it to the council of ministers and/or parliament. This process involves setting recurrent and capital expenditure limits, prioritizing key sectors, and determining deadlines for budget requests from public entities to the respective MOFED offices in all regions. In the third phase, the proposed budget undergoes review and adjustment by the council of ministers before being submitted to parliament for discussion and approval. The fourth phase involves allocating the approved budget to relevant agencies, implementing planned activities, and recording expenditures. The final stage of the budget process focuses on monitoring execution and ensuring control.

2.2 Empirical Reviews

2.2.1 Budget Preparation and Approval Process in Public Sectors

As Rijal, 2023 “the governments can play a key role in promoting public well-being by implementing policies and delivering essential public services to local communities. The significant economic advantage lies in the proximity of the citizens to the decision-makers and administrators responsible for service delivery. Local governments have the potential to be the most transparent and accountable level of government when it comes to providing services to the public”.

Achieving the full potential of that guarantee, however, necessitates a strong financial structure to ensure that citizen engagement is integrated into local programs, that methods are implemented cost-effectively, and that resources are not squandered through wasteful, ineffective, or corrupt practices. The ability to be responsive to the public means little if resources intended for services end up in the hands of politicians and bureaucrats(Johnston, 2006).

The general principle is that the government should not conduct the affairs of individuals behind closed doors. Therefore, transparency standards should be given utmost consideration in all aspects of good governance. Transparency is also crucial in financial management, as it plays a

key role in regulating and overseeing it. With transparency, it is expected that some financial mismanagement or misuse of power within local governments can be prevented, even though local governments have significant authority over financial management. There are two types of oversight in local government administration: preventive and corrective supervision. Preventive supervision aims to prevent abuse of power in government operations, including in financial management. Corrective supervision is a form of enforcement when deviations occur in local government operations (David, 2006).

The distinctive advantage of local government funding lies in the ability to make decisions close to the community, allowing for better responsiveness to the preferences of the population. This proximity ensures that decisions are aligned with the needs of the public and that their feedback is incorporated into the evaluation of outcomes. Citizen input can be gathered during the development of programs by legislative bodies, and through hearings held while legislation for those programs is being considered. Local governments have easier access to such feedback compared to regional or national governments, making them the best option for direct citizen participation in financial processes. Engaging the community in local financial decisions and their implementation is crucial for improving the allocation of public resources and enhancing responsiveness to the concerns of local citizens (Shah, 2007).

The financial support provided by local governments highlights several advantages of devolving responsibilities to governments that are closer to the population. These include better service delivery through increased citizen participation, greater responsiveness to government actions, and enhanced accountability to the public for the outcomes of government programs. Local financial management, which involves the implementation of policies and programs by local governments with decentralized political powers, offers various specific economic benefits The first step in the formal budget process for most countries is defining the procedures at both the national and departmental levels. This involves reviewing relevant documents, such as poverty reduction strategy papers, to identify the key priorities for the upcoming period. From the broader policies and strategies, decision-makers aim to align the activities for the next period with the nation's medium- and long-term needs (Anwar, 2007).

For many countries, this overall strategic approach takes the form of a medium-term expenditure framework. Such a framework enables a nation to connect its current annual budget with a rolling budget plan that spans the upcoming years while preserving the budget's policy focus

within various sectors. The goals of this approach include ‘enhanced macroeconomic stability, better allocation of resources both across and within sectors, increased predictability in budgeting, and more efficient use of public funds’ (Houerou and Taliercio 2002).

After briefly outlining the general formal procedures of the budget process as outlined in national planning and budgeting frameworks, it is important to assess how well these procedures reflect the actual decision-making process. Research specifically focused on the ‘budget process in agricultural ministries and agencies in developing countries challenges the relevance of these formal procedures in accurately explaining how decisions are truly made’ (Uddin and Tsamenyi, 2005).

Annual budgets were seldom reviewed regularly, and control procedures were not consistently adhered to. This occurred mainly because the government oversight agency's capacity to monitor and evaluate the operations of state-owned enterprises was significantly weakened. This was because the board members of the agricultural state enterprise had strong political connections at the highest levels, which diminished the formal authority of the oversight agency in comparison to the informal political influence of the state enterprise (Drazen and Limao, 2008).

There are several reasons why budget allocations deviate from the standard budget process, which goes beyond the specific context of agriculture. McKie and van de Walle (2010) compare the constitutional, legal, and bureaucratic rules governing the budget process in various African countries with the way it functions in practice. While institutions exist to promote horizontal accountability, such as parliamentary budget committees and external auditors, there are also mechanisms designed to ensure accountability to citizens, like civil society groups overseeing budgets and, most directly, elections.

These institutions face various challenges, including legal limitations (such as overly restrictive regulations on the authority of external auditors), capacity issues (like the lack of parliamentary budget offices capable of interpreting technical budget reports), and political constraints (such as restrictions on elections in authoritarian settings). Together, these legal, capacity and political factors can undermine ‘the effectiveness of accountability mechanisms in the budget process, making them virtually nonexistent. As a result, bureaucrats and politicians can easily deviate from formal procedures without facing significant consequences’ (Anderson and Harbridge, 2010).

2.2.2 Participation of the Public and Stakeholders in the Allocation of Budget

Local fiscal administration should establish a framework for selecting policies and recognizing trade-offs in the allocation of government resources. Since resources are finite and the potential for providing valuable government services is vast, the budget process should create a structure that ensures resources are directed toward the most critical needs of the public (Anwar, 2007).

As Anwar (2007) explains, since not all valuable services can be funded with the available resources, the fiscal process must establish a balanced system for selecting among the various possible uses of those resources. These decisions will primarily result from political discussions rather than scientific analysis. Therefore, the process must be designed to facilitate the clear identification of alternatives and trade-offs, while allowing flexibility for adjustments. This structure aims to increase the likelihood that the broad interests of citizens will influence the outcomes.

Local budgeting offers the best chance for direct citizen involvement in resource allocation, as it is the closest to the people and allows for input at a relatively low cost. Citizens do not need to travel to a far-off capital or hire professional representation to voice their concerns during budget discussions. The opportunities for citizen participation, as well as for transparency in decision-making and service outcomes, are highest at the local level.

In collective action, the traits of interest groups broadly influence their ability to advocate for public policies, such as agricultural investments, subsidies, and other public interventions that benefit them. A notable phenomenon in policy processes is the apparent status quo bias among policymakers, which leads to the continued existence of policies, like agricultural input subsidies, even after they have outlived their effectiveness. A wide range of literature explores donors as key actors, analyzing their incentives, constraints, and preferences, as well as the extent of their influence on public spending in developing countries (Mogues, 2012).

Mogues (2012) suggests that one perspective on the budget allocation process commonly found in economics literature presents it as a process managed by a benevolent and autocratic social planner aiming to maximize overall welfare. Additionally, other branches within the public choice literature have emerged, that challenge the idea of an unconstrained policymaker.

2.2.2.1 The Policymaker as a Benevolent Social Planner

The rational choice budgeting model emerged as a response to the criticism of incremental resource allocation theories, drawing from political science (Reddick, 2002) while incorporating

key economic concepts. In this model, policymakers and their budget decisions are viewed as forward-looking, with decision-makers driven by rational expectations, rather than being seen as random or reactive. A prominent perspective in the economics literature likens the budget allocation process to economic theory on consumer demand, presenting an economist's view of public resource allocation managed by a benevolent, autocratic social planner. The term "autocratic" here does not carry its usual negative meaning but rather refers to a policymaker who can make decisions without being constrained by other actors.

The benevolent dimension characterizes the planner as aiming to maximize overall welfare, potentially giving different weights to various groups of individuals—such as assigning higher weights to those with fewer private resources. The social planner, responsible for distributing resources across competing sectors and needs, faces constraints due to a fixed overall budget. This model was initially applied by Deacon (1978) to local government spending and later extended by Dunne and Smith (1984) and Tridimas (1999) to other countries. A more thorough review of studies that develop or apply the policymaker's decision-making model based on a social welfare function is provided by Tridimas (2001).

2.2.2 The Interface between Politicians and Bureaucrats

Various branches have emerged within the rational choice literature, including those that challenge the idea of an unencumbered policymaker. One such branch, rooted in public choice theory, suggests that some public sector actors are rational, budget-maximizing individuals, while others (or the same actors) are motivated by the desire to seek votes. Tridimas (2001) proposes a combined model in which a benevolent social planner aims to maximize social welfare while also seeking electoral support by considering voters' preferences for different types of public spending. Niskanen (1971) highlights the interaction between bureaucrats and policymakers, with policymakers acting as agents who seek to maximize votes through demand for public goods, while bureaucrats in government agencies strive to increase budgets for their organizations.

2.2.2.1 Interest Groups and Collective Action

The literature consistently highlights that developed countries have implemented agricultural protection policies, whereas developing nations have often adopted agricultural taxation, a trend referred to as the development paradox (de Gorter and Swinnen 2002). A substantial body of evidence also indicates that, despite policies in developing countries being aimed at benefiting

smallholder farmers, they have often favored a smaller number of larger-scale farmers (Birner and Resnick, 2010).

These phenomena have been described as the result of how the traits of interest groups referring to individuals or producers with similar livelihoods or economic interests impact their capacity to advocate for public policies, such as investments, subsidies, and other government actions, that benefit them (Becker 1983).

The political economy literature has long examined the role of various actors in influencing public investment decisions. Specifically, it focuses on how individuals form groups to advocate for their preferred expenditures or policies, and how these interest groups interact with political agents. One key objective of these political agents is to maintain their political positions, whether through re-election in competitive electoral systems or, in non-democratic systems where elections are absent or not truly contested, by preventing significant dissatisfaction that could lead to their removal through non-electoral means.

The ability of various interest groups to influence politicians depends on several factors, which can vary across different populations, such as rural versus urban residents, large versus small farmers, and farmers in developed countries with small agricultural sectors versus those in developing countries with larger agricultural sectors. Interest groups can provide an insufficient amount of the local or group-specific public good of advocating for the public resource decisions preferred by their members, provided they can overcome the collective action challenges commonly associated with public goods provision (Winters, 2010).

2.2.2.2 Providers of International Development Aid

In addition to the domestic interest groups within a developing country, there is a significant external influence: the international partners that provide aid to support public spending for development. These external partners may include aid agencies from developed-country governments, multilateral organizations like the World Bank and the International Monetary Fund (IMF), and increasingly, governments from emerging economies and resource-rich nations.

The significance of donor aid in the economies of developing countries varies significantly. In some nations, particularly small economies or those recovering from conflict, aid can be substantial. For instance, in 2008/09, net development assistance as a percentage of gross national income reached 78% in Liberia, 46% in Afghanistan, and 41% in Burundi (World Bank 2011). Conversely, in large, rapidly growing countries or those rich in minerals or oil, the

proportion of aid to national income is relatively small, such as less than 0.3% in China, Mexico, Brazil, Iran, and Venezuela.

Aid flows impact the structure of public spending in developing countries. One clear way this happens is through the imposition of specific conditions on how aid funds should be allocated. Over time, donors have directed their focus toward various sectors as development paradigms have shifted. For instance, in the 1960s and 1970s, the emphasis was on large-scale infrastructure projects, while in the 1990s and 2000s, attention shifted to social sectors. More recently, due to food price crises, donors have placed greater emphasis on agriculture.

The second way donors shape public spending is by supporting plans for how overall government budgets are allocated. This often involves negotiations between governments, donors, and, to a lesser degree, other stakeholders. With the rise of budget support and structural adjustment loans, this influence has become more significant. Third, donors may also use their financial and political influence, through the governments they work with, to ensure that a government does not stray too far from using both aid and domestic resources in ways that foster development, especially when there are concerns that this might not happen.

2.2.3 Challenges of Local Government's Budget Allocation

The budget process is not a rigid system driven solely by legal frameworks and established rules. Instead, it is a dynamic, organic process made up of various formal regulations as well as informal ideas, traditions, approaches, and methods that have developed over time. Additionally, it is deeply political, directly influencing the distribution of income, wealth, and power within society (Isakeret al., 2007).

In this regard, Streak (2002) argues that "the budget process defines not only who holds authority over budgetary decisions, but also the methods through which these decisions are typically made, the level of information shared, the decision-making rules applied, and the extent of comparison between proposed expenditures. Streak suggests that the budgeting process can be broadly categorized into four stages, known as the budget cycle, with each stage involving various participants who play different roles".

The successful implementation of financial sector reforms in each country depends on specific resources and capabilities. Olander (2007) outlines various interconnected factors that must be considered when evaluating and enhancing the capacity for financial transparency in these sectors. Beyond the conventional and ongoing challenges related to public finance transparency,

issues arising from globalization, new technologies (such as blockchain), and the information flow within society also play a role (Olander, 2007). The challenges include the following:

2.2.3.1 Budget Preparation

Shah (2007) suggests that “the preparation of a budget is typically seen as a responsibility of the executive branch. This process includes both planning and pre-preparation and aligning the plan with the Medium-Term Expenditure Framework (MTEF) to set annual priorities and allocate resources. The main objective is to draft a budget proposal to present to the legislature. While this phase is mainly an internal executive function, it does not have to be kept secret. Streak (2003) notes that various stakeholders are involved at different points in the budget process. The formulation stage of the budget generally takes place within the executive, where a balance is often needed between the demands and proposals of different government departments and the priorities of political leaders and fiscal advisors.”

2.2.3.2 Legislative Budget Approval

Numerous governments worldwide that already prepare financial statements using the accrual basis acknowledge the necessity for accrual-based public sector accounting. This need is also explicitly acknowledged by the European Parliament. In its May 2011 report on the proposed Council directive regarding budgetary framework requirements for Member States, it was stated that "member states must implement public accounting systems that use the accrual basis of accounting and comprehensively cover all sub-sectors of general government, as defined by regulation. These systems must undergo independent control and audit" (International Federation of Accountants, 2012).

After the budget is carefully and thoroughly formulated, it must go through the legislative approval process to become effective. According to Norton and Elson (2009), this stage involves the executive's budget being reviewed and then approved by the legislature. It begins when the executive formally presents the budget to the legislature, which then discusses it, often through hearings and votes by legislative committees. The process ends when the legislature adopts the budget, either as is or with changes. On the other hand, Wehner and Byanyima (2004) argued that the legislature's active involvement in the budget process establishes oversight and accountability mechanisms, which are crucial for ensuring transparent and responsible governance and the efficient delivery of public services.

2.2.3.3 Transparency in Budgeting Process

Transparency in public budgeting is a fundamental principle that ensures stakeholders receive detailed, accurate, timely, and regularly updated budget information in appropriate formats. It also requires the existence of clear rules, procedures, and regulations that guide budgeting decisions. This information must be accessible, understandable, and available to the public for open review. A transparent budgeting system empowers citizens and civil society to hold the government accountable, fosters public participation, and helps mobilize the community to effectively achieve budget objectives (MOFED, 2010).

Discrepancies between the approved budget and the actual budget execution can arise due to issues like financial leakages. These discrepancies may also result from insufficient capacity to carry out the budget or from changes in priorities during the fiscal year. Such shifts, coupled with ongoing fiscal uncertainty, can create challenges for ministries and politicians, leading to difficult working conditions for public agencies and officials, and may hinder the achievement of policy goals. Budget execution typically involves five key tasks: allocating expenditure authority to the relevant agencies and units, adjusting work plans to align with new budget allocations and objectives, scheduling procurement activities, monitoring the implementation and performance of the new work plan, and overseeing the disbursement of funds (Peterson 2014).

If these steps are not carefully implemented, budget execution may fall short of the allocated amounts. When the failure to fully execute is not consistent across sectors, it can significantly disrupt resource allocation. Several factors contribute to the gap between the approved budget and the executed one, such as incorrect allocation estimates, budget adjustments, revenue shortfalls leading to restrictions on fund disbursement, and the diversion of funds for other unforeseen uses. Developing countries often experience breakdowns in the connection between approved and executed budgets. Even a carefully planned and legislatively approved budget does not guarantee successful execution (World Bank 2010). In Zambia, the World Bank identifies factors such as unpredictable budget releases, weak regulation enforcement, lack of fiscal control, and inadequate public procurement systems as causes of ineffective budget execution (World Bank 2004).

A review of agricultural spending in Nigeria reveals that between 2001 and 2005, 21 percent of the approved national budget was never utilized (Mogues, 2012). In agriculture, fund disbursements are typically aligned with the fiscal year rather than the agricultural seasons,

which can lead to insufficient funding for seed provision during planting or irrigation during the dry season. Leakages can occur due to factors such as limited capacity, lack of accountability, and opaque financial relations between state and local governments. In Laos, similar issues such as fund shortages, poor record keeping, and unauthorized spending contribute to leakages (Mogues, 2012).

CHAPTER THREE

RESEARCH METHODOLOGY

This section presents a description of the study area, research design, sample size and sampling technique, types and sources of data, methods of data collection, also methods of data analysis. The measuring instruments that will be utilized in this research and the reliability and validity of the measuring instruments of this research are discussed in this section of the proposal. In general, this part deals with the research methodology; sources of data, sample size and sampling techniques, instrument and procedure of data collection, and methods of data analysis as well as the ethical considerations related to this research.

3.1. Description of the Study Area

This study was carried out in AbeshegaWoreda, located in the Southern Nations, Nationalities, and Peoples' Region of Ethiopia. It is part of the Gurage Zone and is bordered to the south by the Wabe River, which separates it from China, to the west and north by the Oromia Region, and to the east by KebenaWoreda. Abeshega was previously part of the GoroWoreda. The researcher chose this area for the study due to their long-standing familiarity with the region, having lived there for many years since childhood. This personal connection allows the researcher to effectively describe the study problem. Additionally, the researcher believes that conducting a study on local government budget allocation in the public sector of AbeshegaWoreda is essential, as no similar research has been done in the area.

According to the 2007 Census by the CSA, AbeshegaWoreda had a population of 61,424, including 32,450 men and 28,974 women. The majority of the residents adhered to Ethiopian Orthodox Christianity, accounting for 50.8% of the population. Additionally, 31.96% were Muslim, 15.82% were Protestant, and 1.28% identified as Catholic (CSA, 2007).

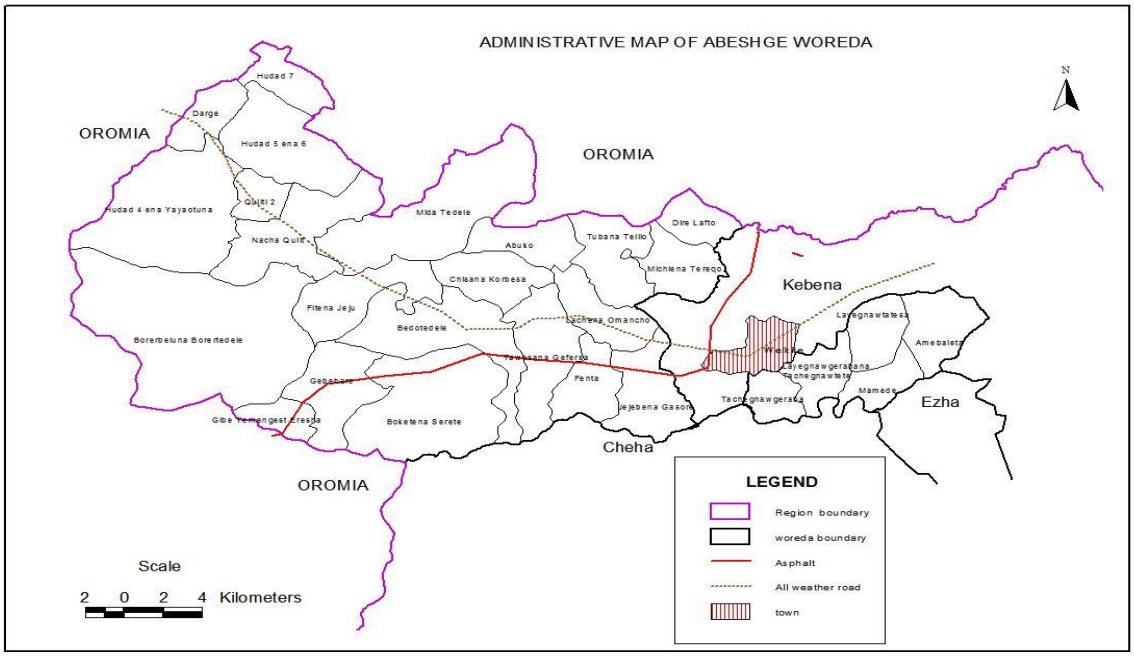

Figure:1Map of the Study Area

3.2. Research Design and Approach

The research was conducted through a thorough analysis of the budget allocation and utilization process, expenditure trends, and the overall effect on public sector performance. A descriptive research design was used for this study. This design was suitable for collecting data from respondents through questionnaires, providing insights into activities and their occurrences. It also helps measure the attitudes and behaviors of the target population concerning the study, minimizing potential biases in data collection. Given its descriptive nature, the study aimed to evaluate the budget allocation and utilization of local government funds in the public sectors of AbeshegaWoreda.

This study employed both qualitative and quantitative methods. The quantitative approach was utilized to analyze data gathered from structured questionnaires, while the qualitative approach was used to explore the respondents' attitudes and beliefs. Qualitative research was particularly valuable, as it provides deeper insights into a phenomenon or situation that is not yet well understood (Strauss and Corbin, 1990).

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3.3. Population of the Study

McDaniel (2001) defines the target population as the entire group of individuals from whom a researcher can gather information to achieve the research goals. In this study, the target population includes 5 members of the budget committee, as reported by the AbeshegaWoreda council office, and 27 budget holders, out of a total workforce of 545 employees, according to the AbeshegaWoreda Public Service and Human Resource Office (2023).

These sectors are categorized into three groups based on their functions: A) Economic sectors (which include 11 sectors: Agriculture, Water, Mining and Energy, Finance, Enterprise and Industry Development, Revenue, Trade and Market Development, Transport and Road, Co-operatives, Planning and Economic Development, Urban Development, and Environmental Protection), B) Administrative sectors (comprising 7 sectors: Administration, Zone Council, Peace and Security, Justice, Courts, Police, and Militia), and C) Social sectors (with 9 sectors: Education, Health, Public Service and Human Resource Development, Science and Technology, Culture and Tourism, Government Communication, Workers' Association, Women's Affairs, and Youth and Sports). These sectors receive allocated budgets, utilize them, and submit both financial and non-financial reports. The study focused on purposively selected eight budget holders from the economic sectors (Agriculture, Urban Development, and Finance), two from the administrative sectors (Administration and Zone Council), and three from the social sectors (Education, Health, and Youth and Sports), totaling 233 employees and officials in the budget-holding sectors.These sectors were deliberately chosen due to their significant role in providing essential data for research and their substantial consumption of budget resources.

3.4. Sample Size

Although there are no standardized guidelines, the sample size generally varies based on the specific community being surveyed. Stratified random sampling was used to survey employees across various budget-holding sectors. This method was developed to aid in data collection while

minimizing bias in population studies. By using this approach, the sampling frame can be organized based on similarities in their regular tasks. The sectors within the strata are: a) the social sector (education, health, and youth & sport); b) the administrative sector (administration and zonal council); and c) the economic sector (agriculture, urban development, and finance).

The main reason for classifying respondents based on their budget-holding sectors was to address the diverse gaps related to the research topic. Budget consumers are expected to be relatively similar, and respondents will be randomly selected from each of the eight sectors. The researcher expects to select 233 respondents from the completed questionnaires distributed to employees of the selected budget holders to ensure enough responses are gathered. Therefore, the necessary sample sizes for the respondents were calculated using the formula developed by Yamane (1967) at a 95% confidence level, as shown below.

$$n= N/ (1+N(e)^2).$$

Where n =Sample size

N=Totalpopulationsize

e=Error (0.05) 95% confidence level.Accordingly;

n = 233/1 + 233(0.05)2

=147.23

n ≈ 147

Core process owners and officers are the target respondents in the study sectors, and the target respondents are eight (8) budget-holding sector planning experts.

To give equal chance sample selecting for budget holding sectors The147samplesizewas sharedtothe8 Publicorganizationsusingproportionalityformula:

$$N_i=n.N_i/ \mathbf{N}$$

Where n_i= sample of study sector

N_i=populationofstrata,

n=total samplesize.

Table:1Sample size and sampling techniques to be used

No	strata	study sectors	No. of Population	n_i= n.Ni/N	No. of Respondents
1	Economic sectors	Agriculture	75	147×75/233	47
2	Economic sectors	Finance	43	147×43/233	27
3	Economic sectors	Urban Development	15	147×15/233	9
4	Administrativesectors	Administration	16	147×16/233	10
5	Administrativesectors	Council	9	147×9/233	6
6	Social sectors	Education	20	147×20/233	13
7	Social sectors	Health	36	147×36/233	23
8	Social sectors	Youth and Sport	19	147×19/233	12
		Total	**233**	-	**147**

Source: Survey Data fromAbeshgeWoreda public service Office/2023

3.5. Sampling techniques

The researcher useda purposive sampling technique to select eight public sectors from the three strata among that sector the researcher selected the respondents by simple random sampling technique for the quantitative data. For qualitative data, the participants wereselected by purposive sampling technique from the budget committee and the eight selected sector leaders based on the rich information on local government budget allocation and utilization in public sectors in AbeshegaWoreda.

3.6. Data Sources and Type

Both primary and secondary data sources were utilized. Primary data was collected from selected respondents through questionnaires and interviews, while secondary data was gathered from

budget plans, reports, and both published and unpublished books and magazines related to local government budget allocation and utilization in public sectors in AbeshegaWoreda.

3.7. Data Collection Methods

Data was gathered from primary and secondary sources. To accomplish the goals of the study, first-hand information is obtained from primary data sources. Purposively chosen industry leaders and important informants were given questionnaires with both open-ended and closed-ended questions, and in-depth interviews with the budget committee were undertaken as the main sources of data.To verify the accuracy of the information gathered from respondents, secondary sources of data were gathered by looking through all available documents (both published and unpublished) from various sources, including the budget document, AbeshegaWoreda finance report, policy directives, and constitution, as well as prior research papers, books, websites, and other relevant documents.

3.8. Data Collection Instruments

To achieve its objectives and address the research questions, the researcher employed a survey method for data collection, utilizing both questionnaires and interviews.

A. **Questionnaire:** The researcher chose this method as it is time-efficient, allows for simultaneous responses from multiple individuals, and encourages respondents to express their opinions freely (Kothari, 1995). The questionnaire included both open and closed-ended questions, which were prepared and distributed to a group of eight public sector respondents.
B. **Interview:** It was used in this study, because of its flexibility in the field as the researcher learns what and whom to ask and also to compare/contrast responses; while it is difficult to generalize results to the large samples (Kothari 1995). Therefore this method was used in this study to collect data from the Budget Committee and the selected sector leaders.

3.9. Methods of Data Analysis

Both qualitative and quantitative data analysis methods were employed to gather and analyze both primary and secondary data. To achieve the study's first objective, the data collected

through the questionnaire was analyzed using SPSS software version 23 and presented using descriptive statistics (such as frequency and percentage). Qualitative data analysis techniques were used for the open-ended questions and interviews, with detailed descriptions provided for each response from the budget committee and the eight selected industry leaders. The main focus of this study was on budget allocation and utilization. The results were presented through tables, graphs, and charts.

3.10. Ethical Considerations

The study was authorized by the university's postgraduate school, with the required approval from the department obtained before data collection began. The research was conducted with a focus on maintaining confidentiality and safeguarding the integrity of the collected data. Accordingly, an authorization letter was secured from the Department of Development Planning and Management before data collection.The researcher will start the collection of data after receiving an official permission letter from the department of development planning and management. The letter was given to the study woreda, and the objective of the study was explained to the respondents. The consent of participants was asked and required to fill out the questionnaire to obtain the required data. The privacy secrets and consents of participants were kept into consideration. The obtained data was not given to unauthorized bodies and it was used only for this study.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter focuses on analyzing, presenting, and interpreting the study's raw data. The research aimed to evaluate the budget allocation and utilization by the local government in the public sectors of AbeshegaWoreda.

4.1 Socio-demographic Data of Participants

This section presented the socio-demographic information of the participants in the study on local government budget allocation and utilization in the public sectors of AbeshgeWoreda. The original plan was to include 147 participants in the proposed scheme. However, due to various social factors, it was not possible to reach all participants, resulting in 140 individuals taking part in the study. Thus, the research was conducted with 140 participants who provided valuable insights into the study topic.

Table:2 Socio- Demographic Characteristics of respondents

Variables	**Category**	**Frequency**	**Percentage**
Sex	Male	97	69.28%
	Female	43	30.71%
Marital Status	Married	92	65.71
	unmarried	39	27.85
	Other	9	6.428
Educational background	Certificate	4	7.85%
	Diploma	18	12.85%
	First degree	111	79.28%
	Master's degree	7	5%
	above specify	-	-
Position	Experts	28	20%
	Senior experts	8	5.71%
	Middle managers	79	56.42%
	Top managers	25	17.86%

Source: Field Data Analysis/2024

In terms of demographics, the table above reveals that 69.28% of the participants were male, while 30.71% were female. Furthermore, the majority of respondents (79.28%) held a first-degree qualification in various fields, followed by 12.85% who had a diploma, and 5% who possessed a second-degree or master's qualification.

In the study institution, regarding the Position of respondents, about 74.28% of respondents are middle managers and top-level managers and in budget preparation, followed by 20% experts in the study sectors and the remaining 5.71% of them were senior experts in the woreda.This indicates that the respondents are sufficiently qualified to offer meaningful insights on the study topic.

4.2 Budget Preparation and Approval Process of AbeshgeWoreda

In this section, the study examined the budget preparation and approval process in the selected public sectors of AbeshegaWoreda. The study gathered information on the steps involved in the budget formulation, including the identification of sector-specific needs, the estimation of financial requirements, and the consultation and coordination with relevant stakeholders.

Respondents were asked “For each Practice listed below, put this mark "√" to show your choice of response. Hint: 1= strongly agree, 2= agree, 3= neutral 4= Disagree, 5= strongly disagree. Accordingly, their responses were analyzed and presented as follows;

Table:3 Public Sector Budget Allocation Process by Local Government

No	Budget Distribution Process for Local Government in Public Sectors	Responses				
		1	**2**	**3**	**4**	**5**
I	**Stage of Budget Formulation**					
1.1	Each sector carefully evaluates and develops its annual work plan, taking into account government priorities and the sector's mandate, before submitting budget requests.	70(50%)	40(28.6%)	20(14.3%)	5(3.6%)	5(3.6%)
1.2	Budget managers submit the actual funds required (both capital and recurrent budgets) for their program, without overstatement.	5(3.6%)	15(10.71%)	25(17.85%)	45(32.14%)	50(35.7%)
1.3	After the resource envelope is established and the woreda receives its allocation, the budget is distributed based on the sectors' plans.	20(14.28%)	25(17.85%)	33(23.57%)	35(25%)	42(30%)
1.4	When reviewing the budget, the budget committee seeks input from experts and uses their expertise to distribute the budget.	30(21.42%)	42(30%)	20(14.3%)	38(27.14%)	10(7.14%)

1.5	The budget committee of the woreda reviews the budget allocation concerning the plan before submitting it for approval.	12(8.5%)	16(11.42%)	29(20.7%)	32(22.8%)	51(36.42%)
II	**Budget Approval stage**					
2.1	AbeshegaWoreda's selected sector engages in thorough discussions and analysis regarding the budget allocation before it is approved.	40(28.6%)	60(42.9%)	30(21.4%)	5(3.6%)	5(3.6%)
2.2	The councils of AbeshegaWoreda play a role in determining budget priorities across various sectors.	18(12.85%)	25(17.85%)	20(14.3%)	31(22.14%)	46(32.8%)
2.3	The AbeshegaWoreda council approves the budget in a timely with no unnecessary delay.	7(5%)	19(13.57%)	25(17.9%)	37(26.42%)	52(37.14%)
2.4	The woreda cabinet revises or modifies the budget assigned to each sector before it is approved.	27(19.28%)	36(25.71%)	30(21.4%)	23(16.42%)	24(17.14%)
2.5	The finance department of AbeshegaWoreda reviews the budget allocation concerning the plan before submitting it for approval.	40(28.6%)	43(30.7%)	19(13.57%)	25(17.85%)	13(9.28%)

Source: Flied Data Survey/2024

The data gathered from the selected sector reveals that the first step in budget preparation is for each public sector to thoroughly assess and develop its annual work plan, aligning it with government priorities and their specific mandate, before submitting a budget request. This analysis should include a review of the previous year's achievements and a plan for the coming year based on established priorities. A majority of respondents about 78.6% either strongly agree or disagree that each sector carefully analyzes and prepares their annual work plan following government priorities and their sector's mandate before making the budget request.

The budget managers of the selected sector prepare budget plans that align with their annual work plans, presenting the actual funds needed (both capital and recurrent) for their programs without exaggeration. However, 35.7% of respondents strongly disagreed and 32.14% disagreed with this statement, suggesting that budget managers do not present the actual funds required by their programs accurately. This indicates a mismatch between the work plan and available resources. Additional feedback from respondents revealed that sectors often fail to present the true funding requirements for their programs, sometimes requesting more funds for cost centers that are not fully operational. Furthermore, secondary data shows that the annual work plans and their allocated budgets do not match, with sectors needing more resources than what is allocated in the budget.

The data indicates that the majority of respondents (55%) either strongly disagree or disagree that the sector's plan is taken into consideration when allocating the budget once the resource envelope is set and the woreda receives its share. This is in contrast to the statement that the sector's plan is taken into consideration when allocating the budget once the resource envelope is set and the woreda receives its share. It is stated that the sectors' plans are considered when distributing the budget, once the resource envelope is decided and the woreda has received its share. According to several interviewees, the decision to allocate funds often relied on the sector head's influence and position. At times, they would form groups and allocate funds based on the group's interests, rather than prioritizing specific activities.

When reviewing the budget, the budget committee seeks input from experts and applies their expertise in the allocation process. Data reveals that a substantial percentage of respondents (51.42%) strongly agree or agree that the committee consults experts and incorporates their knowledge during budget review and allocation.

The AbeshegaWoreda finance sector prepares a budget breakdown based on the annual plan and budget requests, considering the available budget. The woreda's budget committee is supposed to analyze the budget allocation with the strategic or annual plan before approving it. However, in practice, the majority of respondents (57.12%) either strongly disagree or disagree that the budget committee analyzes the allocation in light of the plan before approving. Before approving the budget, the sector leaders of AbeshegaWoreda thoroughly discussed and analyzed the budget allocation. Data shows that the majority of respondents (71.5%) either strongly agree or agree that the selected sectors in AbeshegaWoreda engage in serious debate and analysis of the budget allocation before its approval.

The woreda councilors have the authority to review, discuss, and in certain cases, modify and approve or reject the proposed spending plan before it is finalized. However, survey responses indicate that 54.94% either strongly disagree or disagree that the AbeshegaWoreda councils have any influence over setting budget priorities across different sectors.

The AbeshegaWoreda finance sector prepares the budget and presents it to the Woreda Cabinet for recommendations before seeking approval. Data shows that 44.9% of respondents either strongly agree or agree that the Woreda Cabinet modifies or adjusts the budget for each sector before approval, a process typically carried out by cabinet members. Regarding this, most respondents (59.3%) agree that the AbeshegaWoreda finance sector reviews the budget

allocation of the plans before submitting it for approval.

The respondents were asked if they strongly disagreed (37.14%) and disagreed (26.4%) that the AbeshegaWoredaCouncil adopts the budget on time and without needless delay to gauge how timely the approval process is. The woreda's budget approval is frequently delayed as a result of delays in the region's and zone's budget approval. Sectors utilize one-twelfth of the prior year's appropriations during this period. In certain cases, delays during budget approval may be warranted. Provisions allowing the president to commit spending before budget approval under clearly defined conditions should be included in the organic budget law. Instead of the new budget that has been proposed, these provisions ought to be based on the budget from the prior year.

4.3. Participation of the Public Sectors and Stakeholders in the Allocation of Budget in Selected Public Sectors of AbeshegaWoreda

In this section, the study explores the participation of public sectors andstakeholders in the allocation of the budget in selected sectors of AbeshegaWoreda. Effective participation from relevant stakeholders is crucial for ensuring inclusive and representative decision-making processes.

The study examined the involvement of different stakeholders in budget allocation in AbeshegaWoreda, using data from 140 respondents. The responses will be categorized as Yes, No, and Not Sure.

Table:4 Participation of the Public Sectors and Stakeholders in the Allocation of Budget in AbeshegaWoreda

no	Statements	Yes	No	Not sure
1	AbeshegaWoreda development planner participates in budget allocation	112(80%)	16(11.4%)	12(8.5%)
2	AbeshegaWoreda cabinet member participates in budget allocation	129(92.1%)	3(2.1%)	8(5.7%)
3	AbeshegaWoreda budget committee participates in budget allocation	108(77.1%)	14(10%)	18(12.8%)
4	AbeshegaWoreda council member participates in budget allocation	85(60.7%)	35(25%)	20(14.3%)

Source: Field Survey Data/2024

The majority of respondents (80%) confirmed that the AbeshegaWoreda development planner participates in budget allocation, indicating that there is involvement from this stakeholder in the budgeting process. However, a significant proportion of respondents (11.4%) answered negatively, suggesting a lack of participation from the development planner in budget allocation.

The data shows most of the respondents (92.1%) stated that AbeshegaWoreda cabinet members participate in budget allocation, indicating their involvement in the process. However, a considerable proportion of respondents (2.1%) answered negatively, suggesting that there might be limited or no participation from the cabinet members in the budgeting process.

The majority of respondents (77.1%) confirmed that the AbeshegaWoreda budget committee participates in budget allocation, indicating their active involvement in the budgeting process. However, a notable proportion of respondents (10%) answered negatively, suggesting a lack of participation from the budget committee in budget allocation.

The data shows that a notable percentage of respondents (60.7%) acknowledged the participation of AbeshegaWoreda council members in the budget allocation, implying their involvement in the budgeting process. However, a notable proportion of respondents (25%) answered negatively, indicating a potential lack of participation from the council members in the budgeting process.

To summarize, the analysis of the data reveals mixed levels of participation from different stakeholders in budget allocation in AbeshegaWoreda. While there is a relatively higher level of participation from the cabinet members, development planners, and the budget committee, the involvement of council members appears to be more limited. These findings suggest the need for further examination and potentially improving the participation of all relevant stakeholders in the budgeting process to ensure a more inclusive and effective allocation of resources.

4.4. Challenges of Local Government's Budget Allocation and Utilization

4.4.1. Challenges of Local Government's Budget Allocation in AbeshegaWoreda

This section highlights and examines the difficulties encountered by the local government in budget allocation within AbeshegaWoreda. Recognizing these challenges is crucial for formulating strategies to enhance the effectiveness and efficiency of budget allocation.To understand the key challenges of budget allocation in AbeshegaWoreda, based on data from surveys, interviews, and secondary sources, it was found that the administrative support and

follow-up from the Woreda Finance Office regarding regular budget allocation for various sectors are very limited. The main reasons for this include a lack of accountability and transparency, as well as the allocation of budgets based on insufficient or unreliable data and estimates, often without knowledge of how previous funds were spent or what was achieved in the prior budget year.

Table:5 Challenges of Local Government's Budget Allocation and Utilization

no	**Challenges of Local Government's Budget Allocation**	**High**	**Medium**	**low**	**Verylow**	**Neutral**
1	Lack of clear criteria	86(61.4%)	12(8.5%)	42(30%)	-	-
2	Lack of transparency	72(51.4%)	25(17.85%)	22(15.7%)	11(7.8%)	-
3	Absence of contemporary financial data storage.	22(15.71%)	37(26.4%)	81(57.8%)	-	-
4	Lack of knowledge and competence	62(44.28%)	41(29.2%)	31(22.1%)	6(4.2)	-
5	Lack of accountability	76(54.2%)	39(31.4%)	14(14.2%)	11(7.8%)	-
6	Uncoordinated work betweenSectors	50(35.7%)	17(12.1%)	68(48.5%)	5(3.5%)	-

Source: Data Analysis from Field Survey/2024

Table 5 illustrates that data was gathered from 140 respondents to assess the challenges local governments encounter in budget allocation. Each challenge was evaluated using a percentage scale to show how significant it was perceived as an obstacle.

The respondents were asked to evaluate the difficulty of having unclear criteria. According to their responses, the lack of clear criteria was seen as a significant to moderate challenge in budget allocation, with 69.9% acknowledging its importance. This suggests that unclear criteria are a key issue in the allocation of budgets across sectors. In a discussion about budget allocation criteria with the finance leader of AbeshegaWoreda, it was revealed that the only factors considered for budget allocation were policy priorities and past budget execution trends. As a result, since the woreda relies on subjective criteria for distributing the budget, participants often attempt to influence the allocation to favor their sectors, leading to a lack of consensus.

Consequently, decisions are frequently made based on group interests (lacking impartiality) or are referred to the council for a final decision. The data suggests that lack of transparency, accountability,knowledge, and competenceis considered a high challenge, with 51.4%, 54.28, and 44.28%of respondents indicating its significance. This shows that inadequate transparency, accountability, and knowledge among budget managers can hinder effective budget allocation so this needs special attention for the proper budget allocation process.

4.4.2. Challenges of Local Government's Budget Utilization in AbeshegaWoreda

This section highlights and examines the challenges encountered by the local government in budget utilization in AbeshegaWoreda. Recognizing these challenges is crucial for formulating strategies to enhance the effectiveness and efficiency of budget management. Based on data gathered from surveys, interviews, and secondary sources, the study reveals that the administration's support and the follow-up by the finance office in AbeshegaWoreda regarding regular budget utilization for various sectors are inadequate. The primary reasons for this are limited financial resources, competing priorities across sectors, and bureaucratic processes, including delays in fund disbursement.

Table:6 Challenges of Local Government's Budget Utilization

no	Challenges of Local Government's Budget Utilization	High	Moderate	Low
1	Limited financial resources	50(35.7%)	60(42.9%)	30(21.4%)
2	Inadequate capacity and skills among budget managers	90(64.3%)	40(28.6%)	10(7.1%)
3	Competing priorities within sectors and misuse	70(50%)	50(35.7%)	20(14.3%)
4	Bureaucratic processes and delays in fund disbursement	80(57.1%)	40(28.6%)	20(14.3%)

Source: Data Analysis from Field Survey/2024

Table 6 shows that to analyze the challenges faced by local governments in budget utilization, data was collected from a total of 140 respondents. Each challenge was rated on a percentage scale, indicating the extent to which it was perceived as a hurdle.

The respondents were asked to rate the challenge of limited financial resources. Based on the responses, limited financial resources were considered to be a moderate to high challenge in budget allocation and utilization, with 78.6% of respondents recognizing its significance. This

indicates that limited financial resources refer to inadequate funds available for budget utilization.

In this study, the participants were requested to evaluate this challenge. The data suggests that inadequate capacity and skills among budget managers are considered a high challenge, with 92.9% of respondents indicating its significance. This shows that inadequate capacity and skills among budget managers can hinder effective budget utilization.

The respondents were asked to rate this challenge. The data indicates that competing priorities within sectors pose a moderate to high challenge in budget utilization, with 85.7% of respondents recognizing its importance. This again shows that competing priorities within sectors refer to the presence of multiple demands and needs that require budget utilization, making it challenging to prioritize effectively.

In this study, the respondents were asked to rate this challenge. Based on the responses, bureaucratic processes and delays in fund disbursement were considered to be a moderate to high challenge, with 85.7% of respondents acknowledging its significance. This also implies that bureaucratic processes and delays in fund disbursement can impede timely and efficient budget utilization.

Overall, the data analysis indicates that all four challenges (limited financial resources, inadequate capacity and skills among budget managers, competing priorities within sectors, and bureaucratic processes and delays in fund disbursement) have varying degrees of impact on local government's budget utilization. The strongest challenges were observed in inadequate capacity and skills among budget managers and bureaucratic processes, while limited financial resources and competing priorities within sectors were considered moderate challenges. These insights can help local governments identify key areas of improvement and develop strategies to overcome these challenges for better budget allocation and utilization.

The study's findings indicate that challenges include insufficient financial resources, a lack of capacity and skills among budget managers, and conflicting priorities within sectors. Furthermore, bureaucratic procedures and delays in fund distribution can obstruct the prompt use of budgets. Addressing these challenges requires proactive measures such as capacity-building programs, streamlining bureaucratic processes, and exploring alternative financing mechanisms to supplement limited financial resources.

In the interview session, regarding the main challenges to effective budget allocation and utilization, the participants mentioned various challenges. In this case, one of the respondents enumerated these challenges as follows;

There are several challenges to effective budget allocation and utilization. These include inadequate data on sector-specific needs, insufficient capacity for budget planning and management, bureaucratic inefficiencies, corruption, and political interference. Limited coordination and communication among relevant stakeholders and the lack of monitoring and evaluation mechanisms also contribute to challenges in budget utilization (Respondent ZY, Feb 2024).

According to the respondents, identifying the main challenges to effective budget allocation and utilization, respondents highlighted several key issues. The most commonly mentioned challenges included insufficient funds or budget, lack of proper planning, corruption or mismanagement, limited capacity or expertise, and a lack of transparency and accountability. These challenges reflect the multifaceted nature of budgeting difficulties, encompassing financial, organizational, and governance-related issues. Addressing these challenges is crucial for enhancing the effectiveness of budget allocation and utilization.

4.5 Evaluation of the Budget Utilization of the Public Sectors

In this section, the study evaluated the budget utilization of the public sector in AbeshgeWoreda. Efficiency in budget utilization can be evaluated through performance audits, benchmarking against similar sectors or entities, analyzing outcomes relative to spending, and assessing the impact of expenditures on sect oral goals.

Thus, the study assessed the extent to which the allocated funds were effectively utilized to achieve the intended outcomes and address the needs of the community.

Table:7Evaluation of the Budget Utilization of the Public Sectors

no	Factors influencing budget utilization	High	Moderate	Low
1	Project management capacity	60(42.9%)	60(42.9%)	20(14.3%)
2	Availability of skilled personnel	80(57.1%)	50(35.7%)	10(7.1)
3	Infrastructure development	60(42.9%)	50(35.7%)	30(21.7%)
4	Community engagement	40(28.60%)	60(42.9%)	60(42.9%)

Source: Field Survey data/2024

To analyze the factors influencing budget utilization, data was collected from a total of 140 respondents. Each factor was rated on a percentage scale, indicating the extent to which it influenced budget utilization.

The respondents were asked to rate the influence of project management capacity on budget utilization. The data collected shows that Low Influence replied by 20 respondents (14.3%), Moderate Influence replied by 60 respondents (42.9%), and High Influence by 60 respondents (42.9%).

Based on the responses, project management capacity was considered to have a moderate to high influence on budget utilization, with 85.7% of respondents indicating its importance.

The respondents were asked to rate the influence of skilled personnel availability on budget utilization. The data collected is as Low Influence 10 respondents (7.1%), Moderate Influence 50 respondents (35.7%), and High Influence 80 respondents (57.1%). The data suggests that the availability of skilled personnel has a significant influence on budget utilization, with 92.9% of respondents indicating its moderate to high importance.

The respondents were asked to rate the influence of infrastructure development on budget utilization. Respondents replied that Low Influence 30 respondents (21.4%) followed by Moderate Influence: 50 respondents (35.7%) and High Influence: 60 respondents (42.9%). The data indicates that infrastructure development has a moderate to high influence on budget utilization, with 78.6% of respondents recognizing its importance.

The respondents were asked to rate the influence of community engagement on budget utilization. The analysis shows that Low Influence was replied to by 40 respondents (28.6%), Moderate Influence 60 respondents (42.9%), and High Influence by 40 respondents (28.6%). Based on the responses, community engagement was considered to have a moderate influence on budget utilization, with 71.4% of respondents acknowledging its significance.

In general, the data analysis indicates that all four factors (project management capacity, availability of skilled personnel, infrastructure development, and community engagement) have varying degrees of influence on budget utilization. The strongest influences were observed in the availability of skilled personnel and infrastructure development, while project management capacity and community engagement had moderate influences.

The analysis of the study also reveals variations in budget utilization across sectors. While some sectors demonstrated effective utilization, others faced challenges in fully utilizing the allocated

funds. Thus, the study shows that the factors influencing budget utilization include project management capacity, availability of skilled personnel, infrastructure development, and community engagement. Identifying these factors and addressing any gaps will contribute to enhancing the budget utilization effectiveness in the public sectors of AbeshegaWoreda.

During interview, participants replied that the evaluation of sector performance in terms of budget utilization is essential for identifying strengths, weaknesses, and areas for improvement. One among the respondents explained it as follows;

Evaluations should assess the alignment of budget allocations with sector goals, the efficiency of spending, and the achievement of desired outcomes. Key performance indicators, such as project completion rates, service delivery metrics, and financial accountability, can be used to evaluate sector performance in budget allocation and utilization (Respondent MM, Feb 2024).

When evaluating the performance of their respective sectors in terms of efficient budget utilization, respondents employed various criteria. The most frequently mentioned evaluation measures included the achievement of planned targets or goals, effective utilization of allocated funds, improvement in service delivery, and stakeholder satisfaction. These criteria emphasize the importance of outcomes, financial efficiency, service quality, and stakeholder perspectives in evaluating sector performance.

Participants were requested to explain the main reasons for low efficiency in budget utilization. Accordingly, the respondent replied as follows;

Low efficiency in budget utilization can be attributed to various factors. These include inadequate capacity and skills of budget managers, delays in project implementation, misallocation of resources, inadequate monitoring and evaluation systems, and limited accountability mechanisms. Additionally, external factors such as economic instability, natural disasters, and political instability can also impact budget efficiency (Respondent BG, Feb 2024).

Exploring the possible reasons for low efficiency in budget utilization, respondents identified factors such as corruption or embezzlement of funds, lack of monitoring and supervision, inadequate capacity or skills, poor coordination among departments, delayed release of funds, and a lack of clear guidelines or procedures. These reasons highlight the systemic challenges that can undermine budget utilization efficiency. Addressing these issues requires efforts to combat

corruption, strengthen oversight mechanisms, enhance capacity-building initiatives, improve interdepartmental coordination, and streamline budgetary processes.

In the context of the AbeshegaWoreda Finance Office, respondents identified challenges and problems in regular budget administration. One of the respondents stated these challenges as follows;

The most commonly mentioned issues included a lack of transparency, inefficient financial management, insufficient budgetary control, and inadequate staff or expertise. These challenges indicate areas that require attention and improvement within the Finance Office to ensure effective budget administration (Respondent KL, Feb 2024).

As noted by the respondent, the AbeshegaWoreda Finance Office encounters several challenges in managing the regular budget. These challenges include insufficient financial resources, a shortage of human resources, a lack of technical skills, inadequate infrastructure, limited access to financial services, and difficulties in aligning budget priorities with local development requirements. The respondents also provided various recommendations to enhance fair and effective budget administration, both overall and within their specific sectors. The most frequently suggested solutions included enhancing transparency and accountability, strengthening monitoring and evaluation mechanisms, capacity-building for staff, ensuring stakeholder participation, improving planning and budgeting processes, and implementing clear guidelines and procedures. These recommendations emphasize the importance of transparency, monitoring, capacity-building, stakeholder engagement, and streamlined processes for achieving effective and equitable budget administration.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1 Conclusion

The study included a thorough examination of the findings and conversations around the evaluation of local government budget distribution and use in AbeshegaWoreda's public sectors. The results showed that the budget allocation method has difficulties. In preparing the budget.Due to a lack of experience, many units base their annual budget on the previous year's proposal, as reflected in the responses from both written and interview surveys. This gap is compounded by inadequate guidance on how to prepare the strategy and budget. The budget and plan were created without the involvement, input, and consent of the relevant units and individuals. The budget did not completely incorporate the Sector's strategic plan and pertinent challenges, and there is a propensity to propose budget demands without a work plan. The sector budget manager does not prepare needed funds for their sectors they exaggerate and difficult to use their budget plan also the budget committee did not analyze budget allocation in light of the plan before approval because of a lack of awareness. In the approval process, the Woreda Council memberswere not influenced in setting budget priorities for sectors because of a lack of awareness, and shortage of time to debate for amending and adjusting the prepared budget before approval, and a lack of objective criteria for allocating budget.

The woreda cabinet, budget manager, budget committee, and council member participate differently the respondents confirm that during participation there is a shortage of time, lack of awareness, and impartiality, especially when the council member and budget committee participation program prepared as formality not for adjusting the prepared budget.

Regarding budget use, it was clear that the majority of respondents contradicted one another with their responses, even if they denied that their offices had follow-up issues and underutilization of the budget. Underutilization of the budget occurs with no apparent accountability. There is a lengthy bureaucracy to use the budget allotted by finance officers, a lack of coordination between budget and finance sections, untimely expenditure, and poor cash management. The leaders of the budget holders and their successive subordinates also lack supervision and control, and there is virtually no performance evaluation on budget utilization.

5.2. Recommendation

Based on my findings, the study proposes the following recommendations to enhance the effectiveness of budget allocation and utilization in AbeshegaWoreda:

- Encourage active involvement of public sectors and other stakeholders in the budget allocation process through regular consultations and feedback mechanisms.
- Enhance transparency and accountability in decision-making by providing accessible information on budget allocation and utilization.
- The relevant sectors should appoint qualified professionals with sufficient expertise in budget preparation to each level of the respective budget office. It is important to ensure that the right individuals are placed in the appropriate roles, and fostering a supportive environment for budget experts will help reduce high staff turnover.
- Provide training programs to enhance the capacity of local government officials involved in budget preparation, approval, and monitoring.
- Develop financial management skills among public sector employees to ensure efficient budget utilization.
- Advocate for increased budget allocations to public sectors to adequately meet the needs of the population.
- Establish robust monitoring and evaluation mechanisms to track the utilization of budgets in public sectors.
- Conduct regular audits to identify and address any financial irregularities or mismanagement.
- Explore alternative sources of funding, such as public-private partnerships, to supplement the government budget for critical projects.
- It would be useful to explore the importance of transparency and accountability in the processes of budget allocation and utilization.
- Exploring innovative financing mechanisms and partnerships could be considered to address the challenges of limited financial resources.
- Addressing the capacity and skills gap among budget managers and sector representatives could also be a focus for future research.

- To expand on the topic, further research could be conducted to explore the impact of budget allocation and utilization on the overall development and well-being of the community in AbeshegaWoreda.

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APPENDIXES

WOLIKITE UNIVERSITY

SCHOOL OF POSTGRADUATE STUDIES

COLLEGE OF SOCIAL SCIENCE AND HUMANITIES

DEPARTMENT OF GOVERNANCE AND DEVELOPMENT STUDIES

QUESTIONNAIRE FOR EMPLOYEE RESPONDENTS

Dear Respondent!

This questionnaire is intended to gather information solely for academic purposes. The research is being carried out as part of the requirements for the Master of Arts in Development Management degree, titled "Assessment of Local Government Budget Allocation and Utilization in Public Sectors in AbeshgeWoreda." Your participation in providing reliable information is crucial to the success of this study. Therefore, I kindly ask for your cooperation in answering the questions as clearly and accurately as possible. Please be assured that the information you share will be used solely for research purposes, and all responses will be kept strictly confidential. Lastly, I would like to express my sincere appreciation for your time, patience, and attention in completing this questionnaire and for helping me achieve my objectives.

Sincerely!

Addisukinfe

. **Thank You So Much for Your Cooperation!!!**

Instructions

1.No need to write your name

2.For Likert- scale type statements indicate your level of agreement with a tick mark(√) in the appropriate box.

PART One-Respondent's Personal Information

1. Gender Male ☐ Female ☐

2. Marital Status 1.Married ☐ 2.unmarried ☐ 3.other ☐

3.Educational background

1. Certificate ☐ 2.Diploma ☐ 3.Degree ☐ 4.Master's degree ☐ 5. Above specify_____

4.Work experience ----------

5. Position 1.Expert ☐ 2. Senior expert ☐ 3.Middle manager ☐ 4.Top manager ☐

6.Have you ever participated in strategic planning in the past five years? Yes ☐ No ☐

Part Two - The Process of Allocating Local Government Budgets to Public Sectors, Focusing on the Stages of Budget Preparation and Approval.

Instructions: For each Practice listed below, put this mark "√" to show your choice of response. Hint: 1= strongly agree, 2= agree, 3= Disagree 4= strongly disagree, 5=Neutral

Table: Local Government Budget Allocation process to Public sectors

No	**Local Government Budget Allocation process in Public sectors**	**Responses**				
		1	**2**	**3**	**4**	**5**
I	**Budget preparation Stage**					
1.1	Each sector thoroughly examines and develops its annual work plan in alignment with government priorities and its sector's mandate prior to submitting budget requests.					
1.2	Budget managers provide the accurate amount of funds required (both capital and recurrent budget) for their program, without inflating the figures.					
1.3	After the resource envelope is determined and the woreda					

	receives its allocation, the sector plans are taken into account when distributing the budget.					
1.4	In reviewing the budget, the budget committee consults experts and utilizes their knowledge to allocate the budget.					
1.5	The budget committee of the town analyzes budget allocation in light of the plan before providing for approval.					
II	**Budget Approval stage**					
2.1	AbeshgeWoreda's selected sector engages in thorough discussions and analysis regarding the budget allocation before approval.					
2.2	The councils of AbeshgeWoreda play a role in determining budget priorities across various sectors.					
2.3	The AbeshgeWoreda council approves the budget promptly, without any unnecessary delays.					
2.4	The woreda cabinet revises or modifies the budget assigned to each sector before approval.					
2.5	The finance department of AbeshegaWoredaanalyzes the budget allocation following the strategic and annual plan before submitting it for approval.					

PART THREE: The participation of the public and stakeholders in the allocation of budget in public sectors of AbeshegaWoreda

1. Do you believe the budget allocation process involves the public and other stakeholders?

   1.Yes 2. No

2. If you say yes to question No.1 to what extent do the public and other stakeholders participate

   1. Low extent 2.Moderate extent 3.Great extent 4.Very great extent

3. Please rate your level of agreement to the following statements. As ***1 = Strongly Disagree (SD), 2 = Disagree (DA), 3 = Neutral (N), 4 = Agree (A) and 5 = Strongly Agree (SA)***

no	Statements	SA(5)	A(4)	N(3)	DA(2)	SDA(1)
1	AbeshegaWoreda development planner participates in budget allocation.					
2	AbeshegaWoreda cabinet member participates in budget allocation.					
3	AbeshegaWoreda's budget committee participates in budget allocation.					
4	AbeshegaWoreda council member participates in budget allocation.					

PART FOUR: - challenges of local government's budget allocation and utilization

4.1. Challenges of local government's budget allocation

How would you assess the administrative support and follow-up provided by the AbeshgeWoreda Finance Office regarding the regular budget assigned to various sectors?A. Highly satisfactory D. Low

B. Satisfactory E. Very Low/ unsatisfactory

C. Medium F. Difficult to tell/ unsatisfactory.

2. If you say it is very low would you describe it? ----------
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3.Would you please rank the challenge of sectors regular budget allocation? (1=High 2=Medium 3=Low 4=Very low 5 = neutral).

No	Reasons	Rank				
		high	Medium	low	Very low	Neutral
1	Lack of clear criteria					
2	Lack of transparency					
3	Lack of modern financial data storage/ information technology					
4	Lack of knowledge and competence					
5	Lack of accountability					
6	Uncoordinated work between Sectors					
7	Others					

4. In general, what possible recommendation solutions do you suggest/ recommend----------

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4.2. Challenges of local government's budget utilization

1. How do you evaluate the administration support and follow-up of AbeshgeWoreda's finance office on the regular budget utilization to the different sectors?

A. Highly satisfactory D. Low

B. Satisfactory E. Very Low/ unsatisfactory

C. Medium F. Difficult to tell/ unsatisfactory.

2. If you say it is very low would you describe it? ----------

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3. Would you please rank the challenge of sector regular budget utilization? (1=High 2=Medium 3=Low 4=Very low 5 = neutral).

No	Reasons	Rank				
		high	Medium	low	Very low	Neutral
1	Limited financial resources					
2	Inadequate capacity and skills among budget managers					
3	Competing priorities within sectors and misuse					
4	Bureaucratic processes and delays in fund disbursement					

4. What potential solutions or recommendations would you suggest?----------

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PART FIVE:- budget utilization of the public sectors

1. How much of the regular budget allocated to your sector in 2015 was utilized/spent?

A. Highly efficient above 90 B. Efficient 70-90%

C. Moderately efficient 50-70 D. In efficient 30-50%

E. Staggering Below 30%

2. Your answer for question number is 6 is a, b, c, d or e, what are the possible reasons for low efficiency?

No	Reasons	Rank				
		high	Medium	low	Very low	Neutral
1	Project management capacity					
2	Availability of skilled personnel					
3	Infrastructure development					
4	Community engagement					

4. In general, what possible recommendation solutions do you suggest/ recommend----------

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Thank You for Your Priceless Cooperation!!!

Interview Guide

Personal Information

1. Educational field of study _____

2 Educationalstatus: A) diploma B) First Degree C) Masters (second degree) D) PhD Degree

E) if other specify----------

3. Sex_____ Age_____

4. Position in the Organization_____

5. Contact Detail_____

6. Date of Interview_____

Interview Questions

1. Is there a specific budget allocation criterion or standard used to distribute funds across sectors?
2. If your answer to the above questions is yes, what criteria are used to allocate the budget?
3. Do you believe that the public and stakeholders should be involved in the budget allocation for public sectors?
4. Is there a debate among the legislative bodies over allocated budget among sectors?
5. What are the key obstacles to efficient budget allocation and use in your region?
6. 6. How do you assess the performance of your sector in terms of effective budget usage?"If budget utilization had been efficient,
7. What could be the potential causes of low efficiency?
8. What are the challenges or issues faced by the AbeshegaWoreda Finance Office in managing its regular budget?
9. What recommendations or solutions would you propose to enhance overall budget management, specifically in your sector?
10. If you have additional comments/opinions.