

# Assessment of budget in the water sector

## A case study of two selected *woredas* in Oromia Regional State (Babile and Goro-Gutu *woredas*)

This summary is based on Working Paper 19 on [Assessment of budget in the water sector: a case study of two selected \*woredas\* in Oromia Regional State \(Babile and Goro-Gutu\)](#) available for download at: [www.rippleethiopia.org](http://www.rippleethiopia.org)

**Research-inspired Policy and Practice Learning in Ethiopia and the Nile Region (RiPPLE)** is a DFID-funded Research Programme Consortium led by the Overseas Development Institute (ODI) in partnership with IRC, Addis Ababa University, WaterAid Ethiopia and Hararge Catholic Secretariat

Findings of previous case studies in other regional states have revealed poor use of the budget due to low institutional capacity at *woreda* level and poor budget implementation and control process. Informed by these case studies, and developed in consultation with stakeholders in the region, the research aims to explore how the two selected *woredas*, Babile and Goro-Gutu, address Water Supply and Sanitation (WSS) budget in all stages of the budgeting process.

Furthermore, the paper explores the extent to which the budget system was open, transparent, participatory, and ensured accountability and equity in addressing the WSS sector. The budget process is frequently weak in stakeholder participation, especially at community level. The Delta Partnership Report on ‘Strengthening financial management within the water and sanitation sector, Ethiopia’ argued that the basis on which funds are allocated (at regional and *woreda* levels) was often unclear, and that local political and economic factors weighed heavily on spending patterns. The study aims to find ways to make the community and other stakeholders more budget-literate and increase their participation in the budget process.

This research is based on the assumptions that similar problems may exist in both *woredas*, Babile and Goro-Gutu in East Hararge Zone of the Oromiya Regional State. The purpose of the study is to examine the overall budget system and the level of transparency of the budget process. Furthermore, the study seeks to find out the existing linkages of the budgetary process for water supply and sanitation services and their policy implications.

### Major findings

- Studied sector offices have a poor level of understanding of a budget as a tool to indicate policy direction
- In both of the studied *woredas*, the preparation of the annual operational plans has shown a tendency of being governed by the five-year strategic plan.
- Little is done in terms of budget control and evaluation both at the *woreda* and regional levels, especially in relation to the assessment of budget outputs and outcomes, though the HPR is making some

efforts on budget supervision. Budget monitoring and evaluation mechanisms and schedules are not even indicated in the budget calendar.

- While reporting baseline data, sector offices do provide unreliable data due to lack of up-to-date database concerning socio-economic variables.
- In both *woredas*, the contributions of own revenue to the overall financing of expenditures were found to be very low (i.e. less than 20 percent on average).
- The budget trend of own revenue and block-grant have exhibited a similar pattern in the two *woredas*.
- The overall public budget utilisation in both *woredas* has shown good performance provided that the expenditures are based on the operational plan.
- The budget for water supply has shown an increasing trend over the study period in both *woredas*. The rate of increase may be nominal as the budget figures were not adjusted for inflation. The capital budgets show similar trends, and a significant share of the budget went to the recurrent budget contradicting the nature of the water sector, i.e. needing capital investments.
- Though the water sector is among the priority poverty-sectors, the budget share is very low.
- The funding from other sources, including the Safety Net Programme, does not pass through the regional state budget process.

### Recommendations

Based on the findings of this study, the team proposed the following recommendations:

- Efforts have to be made to further convince all actors in the budget process that there is a need for allocating more funds to the water sector (one of the priority poverty sectors) if the MDG and the development objectives of the country are to be met.
- Workshops and trainings sessions should be organised to raise awareness about the importance of budget to all concerned parties.
- Monitoring and evaluation have to be given a weight equal to the other elements in the budget process, i.e. preparation, approval and implementation.
- Data collectors and experts working on the *woredas*' baseline data should be given sufficient training of the importance of the data they provide in determining the budget so that they provide more reliable information to the budget process.
- New ways of improving contributions of own revenue to overall financing of *woredas*' expenditures should be explored.
- The allocation of a lump-sum budget to the capital expenditure must be increased.
- Funding from other sources than the central treasury and own revenue should be planned for.

### Researchers

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