JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)
ETHIOPIA OFFICE

STUDY OF STRENGTHENING MULTI-SECTORAL DEVELOPMENT PLANNING IN OROMIA REGIONAL STATE

AN ASSESSMENT OF CAPACITIES AT REGIONAL LEVEL

INTERIM REPORT

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Table of Contents

Page

List of Tables 3
List of Charts 3
List of Annexes 3
List of Acronyms 4
Letter of Transmittal 5
Executive Summary 6
1. Introduction 9
2. Objective of the Study 11
3. Assessment Methods 12
4. Brief Background to Oromia Region 13
5. Situation Analysis of Development Planning 15
5.1 Development Planning in Oromia Region 17
5.1.1. Current Planning Methods and Levels 18
5.1.2 Procedures and Processes of Development Planning 22
5.1.3 Expectations and Gaps in Development planning 30
5.1.4 Technical Supports to Other Sector Offices 32
5.2 Budgeting 33
5.2.1 Methods and Levels 33
5.2.2 Processes and Procedures 36
5.2.3 Expectations and Gaps 36
5.2.4 Technical Supports 37
5.3 Monitoring and Evaluation 37
5.3.1 Monitoring and Evaluation Methods and Levels 38
5.3.2 Procedures and processes of M&E 40
5.3.3 Expectations and Gaps in M&E 42
5.3.4 Technical Support to Sector Institution 44
5.4 Information Management 44
5.4.1 Methods and Levels of Information Management 45
5.4.2 Procedures and Processes of Information Management 48
5.4.3 Expectations and Gaps in Information Management 50
5.4.4 Technical Support for Other Sector Institutions 52
6. Correlation of Reviewed Documents and Hearing Investigation 53
7. Human Resources, Logistics and Facilities, NGOs and Capacity Building Program 61
7.1 Human Resources 61
7.1.1 Human Resources for Planning and Budgeting 62
7.1.2 Human Resources in Information Management 64
7.1.3 Human Resources in Monitoring and Evaluation Function 66
7.2 Logistics and Facilities 68
7.3 NGO Coordination, Monitoring and Evaluation 69
7.4 Ongoing Programs/projects for Strengthening Woreda Planning Capacity Building 70
7.4.1 Ethio-Italian joint programme 70
7.4.2 PSCAP 71
8. Strategies for Strengthening Multi-Sectoral Development Planning In Oromia Region 74
9. Conclusions 77
References 79
Annex 1: Checklists and Responses 80
Annex 2: List of Documents Collected at the Federal and Regional Levels 96
Annex3. Form A2 - List of Documents Reviewed 100
Annex B1: PLANNING Documents ..... エラー! ブックマークが定義されていません。
Annex B2- Budgeting Documents ..... エラー! ブックマークが定義されていません。
Annex B3- Information Management Documents ..... エラー! ブックマークが定義されていません。
Annex B4- M&E Documents ..... エラー! ブックマークが定義されていません。

LIST OF TABLES

Table 1: Weights and Budget Allocation Criteria in the Region (1995-1997 EFY) 34
Table 2: Monitoring and Evaluation Schedule..... 39
Table 3: Stakeholder Needs and Satisfaction on Information Management..... 48
Table 4: Manpower of the Bureau by Experience, Profession, Salary and Sex, 2009 51
Table 5: Current Staff of the Planning, Budgeting, Monitoring and Evaluation, 2009 53
Table 6: Education, Professional Experience of Information Management Staff 55
Table 7: Logistics and Facilities Requirement for All Levels of Planning & Financing Insti..58

LIST OF CHARTS

Chart 1: Organization Chart of the Planning System in the Region 21
Chart 2: Functional Level of Development Planning in Oromia Region 24
Chart 3: Linkages and Flow of Plan Information 27
Chart 4: Cycles of Information Flow and Linkages in Monitoring and Evaluation 39
Chart 5: Vertical and Horizontal Flow of Data and Information 44
Chart 6: Functional, Technical Structure of Planning and Budgeting 52
Chart 7: Technical Structure of Information Management 54
Chart 8: Organo- gram, Structure and Human Resources of Monitoring and Evaluation 56

LIST OF ANNEXES

Annex 1: Checklists and Responses 67

Annex 2: List of Documents Collected at the Federal and Regional Levels 83

LIST OF ACRONYMS

Aanaa	equivalent to Wereda or District, the administrative division between kebele and zone
BoARD	Bureau of Agriculture and Rural Development
BoE	Bureau of Education
BoFED	Bureau of Finance and Economic Development
BOPED	Bureau of Planning and Economic Development
BoH	Bureau of Health
BoWR	Bureau of Water Resources
BPR	Business Process Re-engineering
CSA	Central Statistical Agency
EEPCo	Ethiopian Electric Power Corporation
EFY	Ethiopian Fiscal year
ETC	Ethiopian Telecommunication Corporation
FAO	Food and Agriculture Organization of the United Nations
GIS	Global Information System
JICA	Japan International Cooperation Agency
LEDP	Local Economic Development Planning
MoARD	Ministry of Agriculture and Rural Development
M&E	Monitoring and Evaluation
MoFED	Ministry of Finance and Economic Development
MoH	Ministry of Health
MoWR	Ministry of Water Resources
PSCAP	Public Sector Capacity Building Program
SNNPR	Southern Nations, Nationalities and Peoples Region
TOR	Terms of Reference
WOFED	Wereda Office of Finance and Economic Development
ZOFED	Zonal Office of Finance and Economic Development

LETTER OF TRANSMITTAL

We are pleased to submit to your good office this Draft Report on **"The Study of Strengthening Multi-Sectoral Development Planning in Oromia Regional State".** Under the agreement with your esteemed organization, this study is an output of the data/information compiled from documents collected from the Ministry of Finance and Economic Development (MOFED) and four Ministries of the Federal Government of Ethiopia and from the Bureau of Finance and Economic Development (BOFED) and four Sector Bureaus.

After reviewing the documents, qualitative information and data were collected from various teams and process owners of BOFED through live discussions and also as filled out on the checklists prepared for tasks of development planning, budgeting, monitoring and evaluation as well as information management. In addition, discussion on all issues was conducted with the Bureau Head, the Deputy and core process owners of planning, budgeting, monitoring and evaluation and that of information management of BOFED at the presence of a representative from Japan International Cooperation Agency (JICA), Ethiopia Office.

We wish to take this opportunity to express our sincere gratitude towards the generosity of JICA, Ethiopia Office for the unreserved cooperation and also funding this study.

We also wish to express our gratitude and thanks to all the Executives and Experts of the Regional Bureaus and Federal Ministries who extended their support by providing the relevant documents.

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EXECUTIVE SUMMARY

Like in any other parts of the country, Oromia region has taken a number of steps to decentralize the planning system following the fiscal decentralization to the wereda level. The planning level, unlike the pre 2002 period extended down to the weredas and kebeles, to empower the grassroots institutions, to promote popular participation as well as to mobilize local resources so that development activities will address fundamental problems of the livelihood of the majority.

The decentralization of the planning functions to sub regional level though has a number of advantages, it requires significant and incremental capacity building at all levels, human and material resources and continuous technical, managerial and administrative supports. Cognizant of the potential problems with the adoption of the participatory planning, the BoFED had conducted a study on the structure, procedures and processes of planning at all levels and identified major problems, necessary capacity building activities, duties and responsibilities, standards to accomplish the planning activities from the kebele upward to the regional level. Since the expansion of the functions require significant resources, and difficult to cover in short period from own resources, BoFED prepared a capacity building project **"Strengthening Multi-Sectoral Development Planning in Oromia Region"** and submitted a proposal to JICA in August 2008. JICA, after reviewing the proposal, requested a detail study on the four major functions of planning at all levels. This document is, therefore, one of a series of studies expected by JICA to fund or technically support the capacity-building project.

In general, the objective of this study is to investigate the actual planning procedures and processes at wereda levels by particularly assessing the participation, roles and responsibilities, linkages and capacity developed at sub regional levels.

To assess the above capacities, roles and responsibilities, two methods of data collection and analysis were used. The desk review of documents from various federal and regional institutions including planning documents, BPR documents, reports, journals, review and assessment documents and browsing internet sources and others. The qualitative survey includes preparation of checklists on four sets of planning functions (planning, budgeting, information management and monitoring and evaluation) and a detail discussion on various issues with relevant experts and decision-making bodies in the bureau.

The then Bureau of Planning and economic Development (BoPED), currently known as BoFED was established in early 1990s with the emergence of Oromia National Regional State with major responsibilities of planning the overall regional economy. Since its establishment, the bureau has gone through a series of reforms to adapt to changing economic, social and political conditions undergoing in the country. With the decentralization of fiscal assignment to weredas in 2002, the structure of the bureau extended to the wereda and kebele levels. At the regional levels, major reforms have been made that changed the structure, organization, roles and responsibilities of the former departments and teams into similar and linked functional groups, which are now called core processes, major and minor processes.

The bureau usually prepares two types of annual, medium and long-term plans. The first is sectoral planning, which is the aggregate planning figures and budgets (capital and recurrent) of all economic, social and services sectors submitted by the sector bureaus, and appraised and compiled by BoFED and approved by the regional council. The second type of planning is sub-regional or intra-regional planning which takes a form of local economic development planning

accomplished by the 304 weredas and townships in the region. The planning, budgeting and management of the system of planning at this level is the responsibility of the weredas. The regional government allocates block grant annually to weredas based on unit cost approach.

Thus, currently the region actually exercises planning at four levels. At first level, the kebele level planning organized by a planning and information worker and adhoc committee established from the government institutions active in the kebele. Main components of the plan at this level are problem identification and prioritization of needs. These plans are amended by the kebele cabinet and submitted to the kebele council for approval. The second level of planning is at woreda level. The wereda level planning is a mandate of the WoFED, who coordinates the wereda sector institutions, plans of the kebeles and appraise, compile and submit to the wereda council for approval. The approved plan on the other hand will be sent upwards to the ZoFED for projects, which need the financial and technical support of the regional government. The third level, which is actually, a pipeline between weredas and regions with weak involvement in actual planning, is the ZoFED responsible for coordinating and compiling wereda and zonal sector offices plans and submit to the zonal cabinet for approval. The fourth level is the regional level planning led by the BoFED. The bureau in addition to planning, it is also responsible for allocation of available budgets from various sources between sectors and weredas. Prior to the actual planning at this level targets and indicators, budget ceilings and planning formats are disseminated to planning organs at all levels to prepare their plans within the bounds of schedule set for this purpose. The sector bureaus, and wereda plans are analyzed, appraised and compiled with series of discussion with relevant planning experts from various sector bureaus. The finalized, appraised and compiled draft plan is submitted to the regional government for approval. The bureau develops budget ceilings for each bureau based on the absorptive capacities, the scope of programs, the available funds for the planning period, the number of ongoing and feasible development programmes and the priorities given to the sectors. The approved plan is disseminated to the implementing bureaus with earmarked capital and recurrent budget. The block grant of the weredas is shared among the weredas with criteria already set for this purpose. Between 1995-1997 EFY, number of population, development level and revenue generating capacity was used for block grant allocation. However, after 1997 EFY, these criteria and weights were replaced by more objective measures consistent with the functions assigned to the weredas. These criteria include extension services, health, education, water supply, road and others.

Once the planning process is completed the function of the BoFED and its structures at zone, wereda and kebele levels is to monitor the implementation and progress of the planned programmes and projects. Two types of monitoring and evaluation is common. Field level monitoring and evaluation, which is conducted by the monitoring and evaluation team of the bureau together with the M&E teams of implementing institutions at field level every three months. Recently, the regional government initiated mid-term evaluation. The report from this monitoring and evaluation is fundamental for decision making to enhance, modify, terminate and /or relocate the programmes and projects. The second form of M&E is regular monitoring and evaluation, which is actually a progress report, submitted by implementing institutions and organized every quarter. The responsibility for monitoring and evaluation of planned activities is that of the monitoring and evaluation team established at the bureau level, and the planning and budgeting team at zone, and wereda, and adhoc committee at kebele level. The flow of information from the kebele to the regional level is similar to planning, budgeting and information management. The planning function of the bureau, though not satisfactory, is supported by the information management center of the Bureau. This center is responsible for collecting various socio-economic data and produce statistical abstracts, maps and other cartographic outputs, geographic studies, and profiles. However, the activities of this center are weak due to multiple

problems such as dependence only on inconsistent, unreliable and mostly unusable information. Shortage of skilled manpower, lack of incentives, shortage of modern information processing technologies, inadequate access to primary data, weak and unfulfilled structures and incapacities at wereda and kebele levels are major hurdles.

In general, the planning system (all functions) has problems and limitations. The planning system still suffers from inadequate information, studies and research, weak capacities at grassroots levels, dependence only on sectoral and allocative responsibilities, inadequate participation at all levels, inability to incorporate all resources, plans from all micro-spatial areas and institutions. Monitoring and evaluation is inadequate and lacks participatory approach in line with the concepts and practices of decentralization and the stated participatory planning approach. Field monitoring is constrained by lack of transport and attention, shortage of skilled manpower and poor professional composition of monitoring and evaluation teams, poor communications between weredas and the region, as well as zones the resultant of which are all crippled monitoring and evaluation. At sub-regional level, monitoring and evaluation capacities are not developed and further retarded by workloads, inadequate skills, shortage of communication and transport facilities. Evaluation, though one of the responsibilities, no attempt has been made to critically evaluate the impact of plans on various geographic areas, population groups and the real outcome and impacts of planned intervention on basic indicators such as poverty, food insecurity, and destitution. In addition to shortage of capacities, none of the four functions of planning has adequate technical and operation manuals, guidelines, training modules and other technical instruments to provide support for the sub regional entities who already suffer from shortage of manpower, skills and experience, transport and communication services and facilities. Staff turnover is also crippling at all institutions due to inadequate incentive and staff retention and development packages.

Therefore, it is a high time to adopt incremental capacity building for sub regional levels in line with the recommendations of the BPR studies of the BoFED. Without significant capacity building schemes, more efficient and objective planning will be difficult. The information management system should be improved and capacitated with skilled manpower, modern information technologies, with a shift from unreliable secondary data to primary information, restructuring the links between the weredas and the region (for all functions), transport and communication facilities for all levels are prerequisites not only for modern information flow, but also for reliable local and regional development planning, monitoring and evaluation and more efficient budgeting that promote growth and development. Thus, this project is an important ingredient for dynamic change of the planning system particularly at wereda and kebele levels and for efficient resource allocation consistent with the constraints, potentials and economic and social development priorities of the regional government and the nation.

1. INTRODUCTION

The Regional State of Oromia was established in 1992 with the successive proclamation of the federal government of Ethiopia and the regional state. The state has similar functions and responsibilities with the federal government, except for some of the functions which are put aside for the federal government. Such decentralization has given the full authority over its territorial domain to manage, lead, and administer its natural and human resources, ensure peace and security, exercise development that ensures sustained well being, the right to exercise culture and language. Among the functional organs established in early 1990s, the then BoPED (now BoFED),was mandated to the overall coordination of economic and social planning, identification of resource potentials, design of policies and strategies (within the context of the federal government policies) and exercise both demand and supply side planning approaches to ensure sustained and rapid economic growth in the region. With the passing of time and the decentralization process which lead to the devolution of political, administrative and in part, the fiscal autonomy of regional states, the bureau became an independent institution with full responsibilities with regard to socio-economic planning. The vertical linkage with the central government planning institutions gradually reduced to budget processing, occasional reporting and technical backstopping. The bureau further restructured into BoFED following the transformation of the federal Ministry of Planning and Economic Development (MoPED) into Finance and Economic Development (MoFED).

Within this brief period of transformation, the institution has made some progress in the development of the overall planning methodologies, improving both horizontal and vertical linkages with sector offices from the regional to wereda level, building the data base of the region (human and physical resources), and ensuring more or less dependable and consistent planning systems. After the changing of its name and the deepening of the decentralization to the weredas and kebeles (by the regional government), the level of planning also stretched from the previous zonal level into weredas and recently to kebele entities. In this brief journey, the capacity of planning institution, and its effective implementation of planning exercise, guiding socio-economic development through multifaceted and participatory planning methods, targeting and fulfilling strategic goals though encouraging, is not to expectations to address the challenges of ever-growing political, economic, social, and cultural factors.

Cognizant of such complexities, and the need for more comprehensive and integrated sectoral development planning in the region, as well as effective capacity to address these issues, the Oromia BoFED, designed a project "Strengthening Multi-Sectoral Development Planning in Oromia Regional State" in 2008. The proposal was submitted to the Japanese International Cooperation Agency for financing the capacity-building project (BoFED, 2008a). Following the submission of the proposal, the JICA requested for further refinement of the proposal based on the actual conditions of the planning procedures, methods, human and material resources and the major bottlenecks currently facing the institution. This consultancy assignment is, therefore, part of this endeavor to review the overall process of planning in the region, the capacity and weakness of the planning system and the planning institution. Specifically, this paper mainly dwells on the exploration of documents on the planning and budgeting system at all levels, (from federal, regional to wereda level). Therefore, it is a literature review and assessment which should later on be substantiated by facts from the field level particularly from weredas and kebeles selected for this purpose.

This Draft Interim Report, therefore, depends on secondary data (desk review of documents and hearing investigations) and its scope limited to most current periods than critical investigation of past and future trends.

The report has nine chapters. Following this introduction, chapter two is an objective of the paper; chapter three to four discuss assessment methods and a short background of the region. Chapter five, briefly explores the structural organization of the planning system and the process, methods, levels of development planning, budgeting, information management and monitoring and evaluation function of the institution with critical review of the documents and the focus group discussion made at bureau level with different experts and decision makers. This chapter also describes the expected levels and the actual gaps currently existing in development planning, budgeting, information management, monitoring, and evaluation as stated in the government documents, and recently in manuals and guidelines of Business Process Reengineering. Chapter six explores the current capacities of the planning systems at regional level in terms of availability of adequate and skilled manpower, logistics and facilities as well as some NGOs operations and capacity building activities relevant to the bureau. Chapter seven is a list of some basic strategies to strengthen the multi-sectoral planning in the region. These strategies will further be enriched in the future by data from the wereda and kebele levels. Finally, chapter eight concludes the report.

2. OBJECTIVE OF THE STUDY

As stated above and on the terms of reference, the objective of this study is to investigate the current actual planning procedures and challenges at wereda level. The specific objectives are

1. to clarify the role and responsibility of the planning institution at each level (region, zone, wereda and kebele),
2. to assess the degree of involvement and participation in planning processes and procedures at each level,
3. to identify the linkages between the horizontal and vertical structure of the planning and sector institutions,
4. to identify their capacities, and
5. to assess capacities in data and information management (TOR, 2009)

In addition to the stated specific objectives, the report tries to investigate the major constraints faced by the planning institution with regard to development planning, budgeting, monitoring and evaluation, and information management, which forms the foundation of comprehensive regional planning system. In addition to the above objectives, the report also briefly recommends some specific strategies that enable the planning system to achieve sustainable development goals and objectives.

3. ASSESSMENT METHODS

Since the scope of this consultancy assignment is limited to regional (or bureau) level, the methodologies that are appropriate to investigate the major issues indicated above are literature and document review and qualitative data collection methods. The document review includes both published and unpublished documents prepared by various institutions particularly the MoFED, BoFED of Oromia, documents from Ministries and sector Bureaus and institutions, published documents from Academic institutions, journals and books on regional development planning, decentralization and capacity building, local economic growth, fiscal decentralization and participatory development approaches. The documents include annual and medium term development plans (regional and federal), manuals (monitoring and evaluation, budget allocation), annual progress reports and midterm reviews, strategic plan documents, journals, books, studies on Business Process Reengineering, and proposals on capacity building.

For the qualitative information, four sets of checklists were prepared to gather information through focus group discussion, personal observations and visits to regional BoFED, various teams, sub teams and individual offices of most of the staff. The checklists prepared for this purpose include information relevant for tasks of development planning, budgeting, monitoring and evaluation as well as information management. Furthermore, the questions for the four vital planning functions incorporated data and information on process and methods, human resources, logistics and facilities, status of technical support provision to lower levels and sectors, and ideal conditions, gaps and comments and suggestions on each specific issue. These checklists are distributed to relevant teams and core process owners to fill out and prepare for further discussion. The last step was discussion on all issues and others through probing covering all relevant planning, budgeting, monitoring and evaluation as well as information management. Discussion was also made with NGO coordinating team on current conditions, involvement, coordination as well as monitoring and appraisal of NGO development interventions. The discussion was also conducted with the Bureau head, deputy head and core process of planning, budgeting, monitoring and evaluation and that of information management head of the bureau together with representative from Japan International Cooperation Agency (JICA).

Since the scope of this study is limited to the regional level capacities and gaps, it will not cover the details of planning system at the grassroots level, which is the foundation of participatory local and regional development planning. The lack of incorporating the information from the lower level will be a hurdle for further analysis of gaps, linkages with regional organ, capacities and overall processes and procedures of planning. Detail capacity information disaggregated by wereda is generally lacking for most of vital indicators. However, wherever necessary some of the basic issues of planning, budgeting, monitoring and evaluation, and information management at wereda and kebele levels are discussed and will be substantiated with adequate information from these levels in the future.

4. BRIEF BACKGROUND TO OROMIA REGION

Oromia is a home of the Oromo people and with diverse agro-ecological zones stretching from the western to the eastern as well as the southern international border of Ethiopia with an area of about 363.1 square kilometer (34.3% of the population of Ethiopia). The region has 587 kms of international borderline with Kenya and Sudan and internal boundaries of 1815 kms with Amhara, Benishangul-Gumuz, Gambela, SNNPR, Addis Ababa, Afar and Somale Regional States[1]. The region was established by the Ethiopian Constitution of 1992 and currently has 18 zones, 304 weredas/townships and over 6650 rural and urban kebeles. The highest political decision making and administrative organ is the Oromia Regional State decentralized into kebeles, weredas and zones with different levels of power delegations and responsibilities (BoFED, 2008a).

The region has diverse agro-ecological zones with diverse development potential and constraints ranging from the arid lowlands of altitude below 500 masl to the extreme cool highlands of altitudes above 4000 meters above sea level. Consistent with diverse agro-ecological zones, the region has extremely variable climatic conditions and relief configuration. Almost 84 percent of the region is undulating and rolling plateau, a potential area of both pastoralism and sedentary farming population specialized in traditional subsistent livestock and crop production. The semi arid lowlands below the altitude of less than 1000 masl accounted for about 15 percent dominated by nomadic pastoral livelihood system with very few sedentary farming population and urban settlers. The diversity of the agro-climatic zone, not only posses various potentials and constraints but also a leading factor for population growth and patterns of settlement. The highlands are characterized by concentrated settlements and high population density while the lowlands are areas sparse population and scattered settlements.

The population of the region is growing fast with an average growth of about 2.9 percent per annum between 1994 and 2007, the region hosted more than 27.2 million populations (CSA, 2007). Over 85 percent of the population lives in rural areas, and about 49.8 percent are economically inactive population. For almost 90 percent of the population agriculture (crop farming and livestock production) is the dominant livelihood system. The typical defining characteristics of the sector is that low and variable productivity and production, traditional mode of farming system, and dependence on rainfall. Some industrial and manufacturing establishments are booming in recent years in limited urban areas but the sector, including the service sector, accounted only for between 20-25 percent of the Regional Gross Domestic Product (RGDP). Food insecurity, poverty and destitution is significant both in urban and rural areas.

Access to basic services such as water supply and sanitation, education, primary health care services, road and transport facilities though improving in recent years, they are inadequate and in most areas inefficient. In 2006, only 56 percent of the population has access to safe drinking water, less than 20 percent to one or more forms of sanitation. Over 20 percent of first cycle primary and almost two third of second cycle primary school age population have no access to primary education with substantial variations among weredas. Primary health care services such as family planning, control of communicable diseases, access to physical health facilities are not only limited, but also services are geographically skewed and inefficient (BoFED, 2007). Epidemics and other forms of morbidities, child and maternal mortality rates are still high with the highest prevalence in the remote and inaccessible lowland areas. The road density is only

[1] This internal boundary does not include borderline between Oromia and the Somali regional state.

40 cms per capita, and the largest proportion of the land surface of the region lacks adequate road links and transport facilities.

In general, the region is not only an area of relative potential, but also an area with the highest incidence of poverty, food insecurity, acute and chronic malnutrition, progressive and serious environmental degradation, high population growth, child and maternal mortality and incidence of diseases.

Cognizant of these development constraints, the regional government adopted planned and sustainable development approach to reduce poverty and improve the wellbeing of the population, which led to the creation of BoFED, among other various institutions forming the Regional State of Oromia.

5. SITUATION ANALYSIS OF DEVELOPMENT PLANNING

Following the demise of the Derg[2] Regime, Ethiopia has gone through a series of political and economic reforms that believed to have shown significant socio-economic transformation. These successive transformations have been effected with successive proclamation enacted by the Transitional Government and later on by the Federal Democratic Republic of Ethiopia. National Regional Self-Governments were established in the early 1990s, with Proclamation No. 7/1992 which created a foundation for self government, regionalization and federalism, political devolution, and equality among nations, nationalities and peoples with strong deliberation on ethno-linguistic division of nation to ensure self determination and the rights of nations and nationalities. Further decentralization, which led to more or less self reliance, and administration, was ensured by Proclamation Number 33/1992 of the Transitional Government which refers to the fiscal decentralization with distinct fiscal functions and responsibilities between the federal and regional governments (Tegegn, 1998, Mehret, 1998, TGE, 1992). Following these Proclamations and the establishment of the regional states, various proclamations were promulgated that sustained the decentralization processes, self-government, devolution of power and duties, to further lower regional government hierarchies.

Even though such decentralization has primarily political objectives, fundamental goals and functions of true decentralization is promoting popular participation, empowerment, local resource mobilization and efficient utilization, good and responsive governance, sustained economic growth and development, priority and demand based rational socio-economic planning. Decentralization also improves vertical and horizontal linkages between institutions and development of democratic organizations that anchor further development.

Though decentralization has many facets of political, economic, social and cultural advantages, it has also many drawbacks, which need critical consideration, particularly when one deals with economic progress and development. Decentralization, on the one hand, is growth promoting in addressing the basic socio-economic needs, priorities and rational resource allocation, and on the other decentralization entails democratic governance, development institutions, adequate vertical and horizontal linkages and too many actors and stakeholders to address equity which leads to allocation of resources to the marginal, less productive and unviable spatial areas and programmes. This debate also refers not only to inter-regional deviations in endowments and constraints, but also for sub regional entities such as weredas and kebeles. The critical challenge for regional and multi-sectoral planning at sub national level is to harmonize the growth and equity side of development often laden with political motives and endless demands arising from the grassroots level (Guimaraes, 1998, Wen, 1996). The variations between regions and sub regional entities also need a scrutiny of programmes and projects, policies and strategies to fulfill both the equity and growth needs. The potential and constraints of development level in each region or sub regional entities often vary considerably. Sub regional or sub national entities vary in access to infrastructure, agricultural and industrial development, income and employment pattern, resources potentials and constraints. Undeveloped regions or sub regional entities need full intervention of the regional or the federal government to create opportunities for investment, growth and infrastructure expansion. These need substantial financial, human and material resources than others. Underdeveloped areas though relatively better they also need priority than the relatively developed spatial entities. The depressed regions or sub regional entities need further revitalization and injection to promote further

[2] A military junta who ruled Ethiopia between 1975 to early 1991.

development though such types of areas are not existent in Ethiopia due to low level of socio-economic development in the regions. The true example of such deviations in development level can be sited referring to the variations between Addis Ababa and other urban areas, pastoral and non-pastoral areas, the lowland and the highland, the marginal and non marginal areas. These development gaps and variations cannot be improved without sound development planning (whether regional, multi-sectoral, comprehensive bottom up/top down, centralized, or location planning systems). Such variations are further exacerbated when economic openness is the major policy, resource limitations are critical and dependence on private investment which are critical factors for regional or national development. Openness leads to concentration of economic activities in few places, resource limitations compel the government to focus on strategic areas and sectors at the expense of marginal areas, and private sector investment will concentrate on very few viable projects and programmes often located in areas endowed with infrastructure , low wage, skilled manpower and markets (Kukliniski, 1975). In most of the developing world like Ethiopia such deviations and constraints lead to scouring and searching for local resources which lead to local economic development and further decentralization of powers to grassroots level. Current decentralization of powers and planning functions to wereda level is part of this endeavor to tap local resources, improve community participation, expand revenue bases, empowering the community and to ensure sustainable development, which address the needs of the population. Furthermore, where the concentration of private investment plays a major role in the overall economic development and when these investments are concentrated in few areas the overall development of a region or sub regional entities will lead to polarization and dual economic growth with consequent increasing inequality, employment opportunities, and well-being. Development planning apart from improving such externalities, also contributes to the development of the disadvantaged and marginal areas, socio-economic groups whose wellbeing will not be improved whatever policies, and strategies for market and private oriented development are in place. Some areas are vulnerable to various shocks for example food insecurity, chronic poverty, resource degradations, insecurity and always under volatile political and natural situations, which threaten the life of millions of people. There are also a number of areas with different potentialities which deserve special consideration to enhance overall socio-economic development. Such issues could not be addressed with equity consideration only, without taking into account the inherent potentials and constraints within all spatial entities that form the national or regional states. Budget allocation (based on similar criteria for all) does not bring the desired level of growth or equity and at the same time promote the sustainable utilization of available resources. Some of the planning procedures and systems in most of the developing world, including Ethiopia, particularly among those who pursued the political decentralization suffer from mis- allocation of resources, and at the same time unhealthy investment on non-viable development endeavors.

In general, in addition to the political dimension, development planning particularly for the regions is a major tool to guide and manage economic development, sustained growth and equity, proper management and utilization of resources, promote genuine participation and inclusive and democratic economic governance (Conyers, 1996). True economic planning, therefore, goes beyond the collecting and organizing of data and linking with budgets and follow up its implementation. It rather needs rational, long term and strategic thinking, balancing the opportunities and threats, impacts and outcomes of planned interventions, building and analyzing alternative development scenarios and above all the knowledge of the potentials and constraints of the spatial and temporal planning horizon, as well as means and methods of tapping resources and achieving goals. When the technical and professional capacities are adequate, to consider the technocratic aspect of the planning, the major issue is to assess the institutional, resource and implementation capacity of all levels of government and planning

institutions and direct stakeholders. Where there is inadequate institutional capacity (with working processes and procedures, accountable and mandated with clear objectives and responsibilities), planning is a simple exercise and manipulation of figures. Institutional capacity developed at all levels though not a panacea for ailments of development planning, it is a precondition to formulation and identification as well as implementation of programmes and projects. These institutions, on the other hand, must be equipped with methods and technologies of local development planning, materials and gadgets that save time and skills, adequate fund for implementation, monitoring and critical evaluation of outcomes and impacts. Institutions without skilled manpower, clear duties and responsibilities, deficient of working space and essential materials and funds are no more than physical infrastructure. The decentralization of planning, therefore, extends requirements and needs for resources. With adoption of local level participatory development planning, to ensure participation and sustained grassroots development, the amount of resources needed to manage the development planning process expands to the extent that could not be managed by simple structures either at regional or zonal levels. Decentralization can also improve efficiencies, sustainability and relevance of development intervention, since it improves priority setting, opportunities and mobilization of local resources (both material and social).

5.1 Development Planning in Oromia Region

Overall, socio-economic planning in the region is a mandate of the BoFED, which passed through a series of reforms since its establishment in the transitional period. As discussed above, the structure of this institution was limited at the zonal level through which wereda level sector plans were channeled to the region. The bureau was organized, at the time, into four major planning departments. These planning departments include the production sector planning department responsible for the planning of agricultural and rural development sectors, industry and infrastructure development and urban planning. The macro-planning department was supposed to plan the overall regional macro-economic setting in addition to involving in regional income accounting exercise. The department at the time was engrossed in aggregating plans and implementation reports prepared by other departments in the bureau rather than collating and integrating the outcomes and likely impacts of the plans and the gap arising in the planning period. The social, economic, cultural and political constraints of regional and local development planning, policy and some strategic studies were ought to be the responsibility of this department eventhough its performance was by far unsatisfactory. The social and economic planning department was responsible for the planning of social sectors (particularly education, health, sports and culture, and others) and finally the physical planning department served as information and database of the bureau mainly involved in the production of statistical abstracts, maps, atlases and compiling and organizing sector data. The type of planning at the time was also sectoral planning where wereda and zonal sectors as well as regional level bureaus prepare their plans to be aggregated and scrutinized by the bureau. The bureau at the time also technically supported different sector organizations in feasibility study and critical appraisal of development projects annually submitted for financing. The vertical and horizontal relations between the federal and the region, the region and zones as well as sector offices and bureaus was more or less satisfactory except for the planning system which was dominated by sector offices. The relation between the MoPEDand the bureau was that of technical. Implementation feedbacks and regular reporting was routine and strong. Though such relationship has been fruitful and necessary at the time the BoPEDof the Region had more relative autonomy from the center than the period of central planning system, which extended between 1978 to the end of the Derg period. The relationship between zonal level planning and

that of the region is more or less informational than part of the whole in local level development planning. Though the zonal planning departments charged with the functions of planning of wereda sector and zonal sector plans, these plans were not actually considered in the regional plan. The main causes were, first the regional sector offices were dominant and responsible for the overall coordination of programmes and projects. Second, the sector offices ought to incorporate all wereda and zonal level programme plans into their annual, medium and long-term plans with major adjustments. As a result, most of the planning figures and targets, budget and activities from the two channels could not coincide. Thirdly, the budget allocation and linking the budget with planned programmes was the responsibility of the regional BoPED and that of the sector bureaus at the regional level. Once these budgets were amended by the regional government and the council, the sector offices were responsible to distribute the allocated budget via the zones to wereda sector offices Thus, within the framework of the regional development planning, planning was more or less top down, with weak participation of all stakeholders particularly weredas and kebeles in the region. The budget allocation was supply based and mainly dictated by the number and viability of projects, major development gaps and variations between weredas and zones in specific social and economic infrastructures. The allocation of budget between sectors suffered from weak linkages with the regional macro-economic development and policy goals and dictated by the procedures of the MoFED, the regional council and the government. Critical shortage of fund and financing resources, weak revenue base and weak planning and executing institutions, weak private sector expansion, lack of clear methods of planning and poor level of decentralization, inadequate resources at all levels were major crippling factors of the planning system of the period.

Eventhough there were critical institutional, organizational and technical shortcomings in that period, the then BoPED was a leading institution in the region in building capacity, technical backstopping, particularly in method of planning, monitoring and evaluation, project preparation and appraisal and promoting various studies of relevance and laid the foundations of the current planning system in Oromia.

This planning procedure served up to the end of 2002 and some reforms were made by merging the former separate bureaus of Finance, Planning and Economic Development to form the current unified BoFED of Oromia. The number of teams and departments were also increased with the mergers with more expanded responsibilities of both planning and financing. This topic tries to briefly investigate whether the changing atmosphere of the planning systems are to expectations referring to the current development planning methods, processes and procedures as well as capacities that link institutions and organizational structures.

5.1.1. Current Planning Methods and Levels

Regional development planning is not new to Ethiopia. It served the purpose between the early 1960s to the end of the Derg period in the form of growth center, regional and zonal planning within the framework of central planning. The socio-political setting and principles of self-government, detachment from the rhetoric of the central planning system, as well as the need for popular participation and decentralization, necessitated the transformation of regional planning models to fit into current socioeconomic and socio-political system. This system of planning (integrating the whole sum) was something new to the newly emerged regions that often at times lacks adequate skill and experience, resources as well as capacities in regional planning. As a result, the development planning at sub national levels dwells for a brief period of

over ten years, on exercising similar processes, procedures and methods inherited from the central planning system.

At national level, three types of planning methods are considered important in planning socio-economic development. First, interregional development planning, which depends on the disaggregation of plans into regions (nine regions and two cities) and which also includes macro-economic planning (Getachew, 1997). These plans are a mere allocation of annual government budgets to these regions than comprehensive regional planning expressed and included in the overall national planning system. The regional budget allocations to the regions though changing from year to year depends on area, population, development level and capacity of implementation. This form of allocation was supposed to consider both equity and efficiency aspect of development and the planning system. Yet, there are a number of arguments in the budget allocation criteria from the beginning of its adoption to-date (Tegegn, 1998).

Currently Oromia adopted the two way participatory planning system (bottom up and top down) to improve the participation of the community and stakeholders, to empower the weredas and to facilitate the decentralization processes, to ensure balanced growth between regional geographic entities and for other social, economic and political reasons. The two way planning system, often called integrated participatory development planning, is a recent introduction following the devolution of power and functions to the wereda level government organs. Until recently however, two planning methods are used in the region in general.

The first and the oldest planning system, in the country, is sectoral planning. The sectoral planning laden with goals, objectives and targets as well as strategies to achieve the desired goals in agriculture, industry and service sectors further disaggregated into various institutions and organizations often referred to as Bureau at regional, offices at the zonal and wereda levels. Currently, there are a number of bureaus and sector offices, commissions and authorities, which are involved in regional development planning and responsible for preparing their own sector annual, medium and long-term development plans. These plans are further prepared and organized on annual basis either to materialize medium term plans, long-term objectives or to solve short-term socio-economic problems. The medium term sectoral plans are prepared for five years and implemented annually by disaggregating into one year detail development plans. The long-term plans are designed to achieve long-term goals and to address long-term socio-economic problems. The sectoral plans, prepared by the sector institutions, are regularly submitted to the regional BoFED and the ZoFED at zonal level. The zonal level Finance and Economic Development Offices, however, have no mandate in planning except for compilation of sector plans from weredas and zonal sector offices. Though zonal and wereda level sector institutions were supposed to prepare their plans, the dominant role and responsibility are that of the sector bureaus at regional level for the reasons briefly stated above.

The Regional BoFED is mandated for the modification, appraisal and budgeting of the sector plans taking into account the financial resources available for the period (subsidies from the federal government, internal sources and community mobilization and others). It is also responsible for appraisals of projects and programmes prepared and submitted by the sector bureaus prior to the beginning of the next planning period so that viable projects and programmes will be included in the sectoral development plans. The modified, appraised and budgeted annual development plans are submitted to the regional government. All the sector bureaus participate on the series of meetings with the regional planners to defend their budgets, programmes, locational distribution of projects and programmes as well budget hearing

workshops. The sectoral planning method lacks, in most cases, participation of grassroots institutions, disaggregation of plans into small units of planning, lack critical consideration for local variations and rooms to entertain equity and potentials for development. The sectoral planning system is also popular at the federal and regional levels The BoFED aggregates the final approved plans into documents, which will assume the multi-sectoral plan simply because it consists of all sectors active in the economy of the region.

Even though their duties and responsibilities, names and status vary from one bureau to the other, panning and programming sections exist in every sector bureaus and offices, responsible for data collection and analysis, project preparation and feasibility studies, planning, monitoring and evaluation. The planning activity, as stated above, starts from the kebele level for some (example BoARD), and passes through wereda and zones to regional sector bureaus. Compilation of these plans and linking with the budget is the responsibility of the planning and programming sections of the sector bureaus. However, critical capacity in feasibility study and identification of viable projects and programmes, over-emphasis on physical infrastructure development, weak data base systems at all levels, poor communication and links between the weredas and the regional bureaus, extended time consuming activities, lack of focus on basic development issues linked with goals and objectives and other managerial, administrative and institutional problems cripple the efficacy of planning at sectoral levels. Most of these problems are reflected in the consistency, reliability of regional plans and the efficiency and capacity of the regional BoFED. In general, sectoral plans have few rooms for participation, suffer from poor resource mobilization, poor decision making at lower planning levels, inadequate priority setting, weak consideration for spatial variation and weak linkages with the dynamic regional goals and objectives.

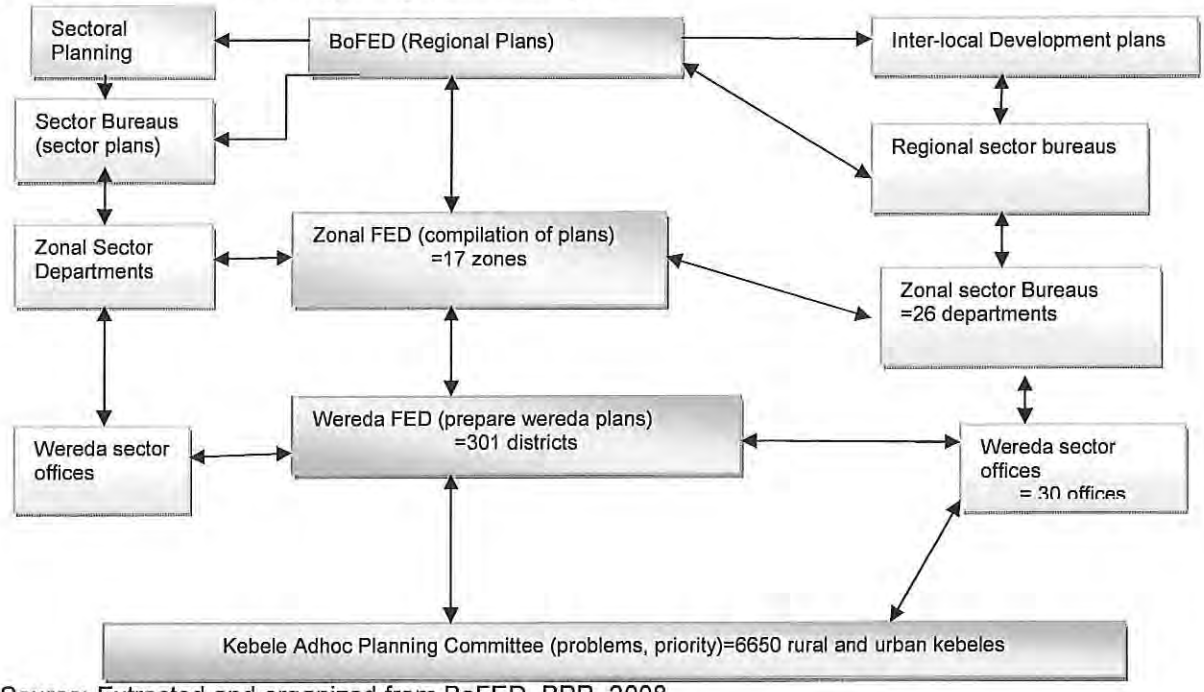
The second planning method is inter-local development planning often known in the literature as Local Economic Development Planning (LEDP). Inter-local development planning is planning exercise at the sub regional level including zones, weredas and kebeles. The inter-local planning methods advocated for its potential to enhance popular participation and empowerment of stakeholders and communities, its focus on problems and priorities of local level development needs, sustained growth, efficiency in mobilization of local resources and respect for the skills and capacities of local communities and stakeholders to achieve both short and long term objectives and goals. Inter-local planning system is fruitful where there are enabling institutions at all levels, fiscal and political decentralization to lower levels are in place, skilled and adequate human resources are available for planning and implementing development projects, as well as relationships between local actors and stakeholders are stronger. This type of planning, though existed since the establishment of the regional state and the BoFED, the planning at wereda and kebele levels is a new agenda which came into existence since 2002 at Woreda and in 2007 at kebele levels. The wereda Finance and Economic Development and kebele planning institutions were established following the fiscal decentralization of the 2002, which gave decision-making power and responsibilities almost similar to that of the regional government. This devolution of power and functions are reinforced by fiscal decentralization, resource sharing between the regional government and weredas, freedom of allocation of budgets, capacity building and other necessary instruments, which enable to achieve the goals of the local and regional development. As a result, inter-local planning at wereda level serves beyond the purpose of data and information gathering and implementation of regional plans. Inter-local planning though has a number of advantages in all spheres, its application depends on the efficiency and capacity of existing resources, technical and management capability at the lower planning level. The demand for skilled human resources, the need for up-to-date information and communication system, strong linkages between different actors and stakeholders, clear share of responsibilities and accountability,

ability to identify and prioritize development objectives and programmes. As the number of these planning bodies at grassroots level increases, the demand for these resources become crucial. Economies and diseconomies of scale become very threatening where there is no adequate expertise in these issues. The endless demands arising from lower level and the shortage of funds and inadequate financing system frustrate implementation capacities and unhealthy competition for scarce resources among the lower organs. Information is critical element at this level for the overall planning. The data and information from this level is fundamental to the overall regional development planning exercise. This necessitates up-to-date information and communication systems such as linking the center with faxes, telephones and web connection for fast flow of information. The need for technical backstopping increases with further decentralization at upper level, which also demands more resources. Considering all its demands in the world of resource scarcity, inter-local development planning serves as one of the growth promoting instruments at lower level and to sustain outcomes as well as to finance resource poor planning by the poor themselves (Kukliniski, 1975). This local development planning includes 6650 rural and urban kebeles, 304 weredas and 18 zones. According to the BPR document and study of BoFED, each wereda will have one office supported by nine professional staff and each kebele will have one data and information management worker[3] supported by adhoc committees organized from sector office workers active in the kebele. The planning procedure and information flow is similar to the regional planning exercises except its scope, financing modalities and the level of details of the plan.

In general, the difference between the sectoral and inter-local planning is that of scope and ownership of the plans. The sectoral plans are prepared by the sector offices (water resources, agriculture and rural development, health and education, sport and culture and other relevant sectors and organizations) and inter-local plan is an aggregate of all sector plans at kebele, wereda, zone and regional level and represents the overall socio-economic plan of the region. There is also area specific planning which often referred as inter-local planning such as pastoral area development, safety net programs, etc. At current state of planning both planning are similar in fundamental content, i.e. still, they are aggregates of sectoral plans at different levels of planning and administrative hierarchies.

[3] The worker is referred with different names in the BPR document. The planning and information worker in planning and budgeting BPR document, data and information worker in BPR document of the center for preparation, analysis and dissemination of data and information and the kebele manager in the wereda administrative structure.

Chart 1: Organizational chart of the planning system in the region



Source: Extracted and organized from BoFED, BPR, 2008.

5.1.2 Procedures and Processes of Development Planning

The organizational structure of planning institutions in Ethiopia and in most regions follows administrative and political structures. But in most regions, this structure extends to the wereda and kebele levels to ensure the participation of citizens and stakeholders in the planning and implementation processes of development projects and programmes.

In Oromia, the development planning is exercised at four levels following the fiscal decentralization to the wereda level in 2002. The first level is the regional level development planning which is actually an aggregation of sector plan linked with both recurrent and capital budgets. The regional BoFED, was established with the merging of the former Bureau of Finance, and BoPED based on the premises that the two institutions have similar and supporting functions and linkages. At the regional level, the bureau produces two types of plans: the sectoral plan and inter-local (wereda) plans. The channels of flow of planning information include kebeles, weredas and zonal planning offices on the one hand and wereda, zonal and regional sector departments, offices and bureaus on the other. These two channels of flow form the basis of annual, medium and long-term development plans of the region, the weredas and the sectors. The major actors and stakeholders of development planning are the regional council responsible for the approval of the development plans, the regional government (owner of the plan), the BoFED, regional sector bureaus, commissions and authorities. The duties and responsibilities of the regional BoFED are: to prepare and upon approval follow up implementation of long, medium and short term plans; to undertake study and development

plans and related documents, review development plans and budget proposals by different organs of the regional state government, prepare indicative plan, undertake studies and research on regional production specialization, collect, compile and disseminate regional data. The sectoral bureaus and offices are responsible to prepare and submit their plans and implementation upon approval.

The second level is the Zonal offices of Finance and Economic Development (ZOFED), responsible for the coordination of planning at wereda and zonal sector departments. Prior to the merging of the BoFED, zonal planning departments have the mandate to plan all economic and social activities within their territories and their responsibilities were, more or less, similar to the regional bureau. However, currently ZoFED have no mandate to plan except facilitating and supporting the planning, coordination and submission of organized wereda and sector department plans to the Bureau at regional level. ZoFED serves as "pipe line" and "linking institution" between weredas and region and thus considered as part of the regional BoFED (BoFED,2008b)[4].

The third level is the wereda level planning responsible for planning and organizing information at wereda level and preparing the kebele and sector annual plans. This institution emerged as planning organ with the fiscal decentralization. Before this period, however, weredas have no planning offices and their annual plans were organized by the sector offices and submitted to the zonal planning and sector institutions. According to study of BoFED, about 304 wereda Finance and Economic Development, offices are currently functional at wereda levels. The main duties and responsibilities of these institutions are to prepare short, medium and long term plans of the weredas, coordinate and compile kebele level plans, prioritization and identification of problems, serving as development and technical arms of wereda councils, data collection, compilation and dissemination. They are also responsible for follow up of implementation of annual plans and programs active in their territorial domains and produce reports on regular basis. At wereda levels, the channel of planning and information flow are sector wereda offices and kebeles. The draft kebeles and sector plans are supposed to be analyzed and compiled by the WoFED and submitted to the wereda council for approval. The sector offices are also responsible to submit their plans and implementation reports to the WoFED and their sector departments at zonal levels. These institutions are also responsible for preparation of budget allocation criteria for kebeles and wereda sector offices. The planning, at these levels are supported by nine technical staff and *adhoc* committees established from different sector offices.

The most recent planning institution is kebele level participatory planning. The objective of such structure is to address the demands of decentralization, self-government, improving participation, empowering communities and to enhance sustained and rapid growth as well as ensuring equity between spatial and demographic entities throughout the region. The kebele planning exercise will be led by the permanent planning and information worker assigned in each kebele. The worker is responsible for the collecting, organizing and submitting data and information of the kebele. The actual annual, medium and long term plan is prepared by the planning and information worker together with the *adhoc* committee (with nine members) represented from the kebele development committee, kebele administration (two each), the youth and women associations, development agent, school director and health extension agent. To ensure participation of the community and stakeholders, the *adhoc* committee organizes the general assembly, conduct series of discussions and consultations with different groups,

[4]. The zonal finance and economic development departments have no significant planning functions except coordination of planning at wereda and zonal levels. Thus, its function is that of coordination and compiling and channeling the data and information to the regional BoFED.

including NGOs and CBOs, identify and prioritize major problems to be incorporated in their annual plans. They are also responsible for the identification and estimation of financial and human resources as well as implementation capacities of the communities. The completed plan will finally be submitted to the kebele council for approval. Implementation follow up, supervision, monitoring and evaluation, reporting the progress of both the government and NGO planned activities are also the responsibility of the planning and information worker.