

5.1.3. Technical Support

The technical support to stakeholders is one of the responsibilities of WoFED and ZoFED particularly with issues related to development planning, budgeting, monitoring and evaluation. The degree of technical support to stakeholders depends however on the capacity of the WoFED and ZoFED. Financial, human and material resources are critical factors for effective provision of technical support. Skill, experiences and adequate number of human resources not only determine the degree of capacity of an institution but also key to the type of supports provided to the needy institutions. Better capacities are necessary to support the needy. However, the situation in all levels of planning in the region is inadequate and inefficient to provide effective and reasonable technical support to other sectoral offices, NGOs and other stakeholders who still struggle in the world of scarcity.

The WOFED is a coordinating and technical role for the majority of the institutions and stakeholders. The major technical support expected from WOFED and BOFED are training in development planning, budgeting, monitoring and evaluation as well as project cycle management. Regular experience sharing and information exchange are also expected from WOFED and BOFED to revitalize the planning system and technical expertise among various hierarchies of institutions.

The results of field observation of the weredas and kebeles on the other hand showed that WOFED has few roles and provide inadequate practical technical support to other institutions because of the following major limitations

- The number of technical staff is below two third of what is recommended for effective deliberation of its activities and support to other sectoral institutions
- The skill and experience of the majority of the existing staff in WOFED and ZOFED is inadequate to provide technical supports. Educational background is also limited to undergraduate and diploma level with no or little working experience in the theories and practices of development planning. The majority graduated in management, business administration, natural sciences, information technology and some educational streams inappropriate for development planning, economic policy-making and strategy formulation.
- Where human resources capacities are relatively better almost all constrained by transport facilities, communication services and above all operating budgets to arrange training session and to provide technical support at wereda and kebele level. Therefore, the overall evaluation of stakeholders on WOFED and ZOFED is inadequate and unsatisfactory.

Current attempts to provide support and training to the stakeholders and sector institutions at kebele and wereda level is also limited to orientation and a brief discussion on progress reports, plan documents and annual budgets. In some successful weredas joint monitoring and evaluation, joint annual planning and budgeting exercises are also considered as package of technical support of the WOFED, ZOFED and BOFED. Technical manuals and guidelines, updated user friendly formats, are also considered as technical support yet most of them are not available to the needy sectoral offices. The ZOFED suffers also from similar deficiencies and struggle between compilation of reports and supporting the weredas. Ineffective structural linkages and poor capacity building activities are crippling factors for both WOFED and ZOFED

The technical support of wereda sector offices to the kebele line offices is relatively better eventhough inadequate. Frequent communications between the two levels through reports and

periodical evaluative meetings, experience sharing, provision of some technical guidelines, frequent visit of field supervisors to kebeles are some of the packages of technical support of sector offices. Regular flow of reports, relatively achievable field monitoring and evaluation time-tables, divisions of responsibilities within the sector offices enable most of them to provide supports to grassroots compared to that of WOFED. In addition to technical supports, some sector offices also provide material and management support for kebele institutions. However, the technical support in sector institutions also suffer from capacity limitations such as skilled and adequate manpower, transport, communication facilities and above all budgets. Some of the institutions responded that training of staff is difficult due to shortage of budget even to carry out a one day training sessions.

Technical relations between the WOFED and wereda administration is better due to the position of the latter and the critical role WOFEDs play in economic planning, budgeting and monitoring and evaluation. Coordination, information flow, technical and administrative supports of the wereda administration is vital for effective planning and coordination role of WOFED. Wereda administration also provides material and financial support such as stationeries and for some operating fund for administrative and development purposes particularly for kebele managers who struggle with workloads and shortage of operating budgets. In general, linkages and technical support at all level is inadequate and not consistent with BPR recommendation due to weak institutions and limited capacities.

5.1.4. Expectations and Gaps in Development Planning

The overall goal of development planning is to achieve a meaningful social and economic growth and development that improve the lives, well-being of the majority of the population through sustainable utilization of available scarce resources and to bring equitable development opportunities. The aim of decentralization is on the other hand is equity and growth as well as devolution of decision-making power to lower levels to achieve the national and regional development goals. The role of planning in the decentralized system particularly where private sector plays a meager role in development undertaking is substantial and key to economic management. Consistent with these goals and aims, the regional planning adopted a decentralized planning system that extended from the region to the kebele level.

Cognizant with the benefits and costs of decentralization in the world of resource scarcity, decentralized planning systems generate significant benefits, even though its cost is so enormous (in terms of its demand for skilled manpower, modern communications and working relationships and linkages, and good organizational structure and financial resources both for financing investments and operating expenditures). The cumulative effects of multitudes of its costs necessitates a farsighted development planning methods, procedures and processes and incremental capacity building activities at each planning levels. These capacity development tasks include human resources development (number, skill, experiences and commitment). Decentralization, among others requires, particularly at lower level planning, participatory, collaborative action, inclusion of as many stakeholders as possible, and aim at tapping the maximum local inputs to finance the development activities. The planning approach should also aim at tapping potentials and target basic socio-economic problems whose success has multiple value added effects. Decentralized planning also pursues reliable strategies consistent with local circumstances, variations and similarities and keeps the proper balance between sectoral and area based planning.

With the decentralization of planning in 1995 EC, the regional planning undertakes a series of reforms but with limited success. The increasing number of weredas and kebeles, volatile

institutional structure and numbers, inadequate fund, the management and administrative changes has constrained the effectiveness of some measures taken into effect. Among the many reforms within the Bureau and lower level planning offices, the restructuring and capacity building programs deserve attention. The capacity building programs are more or less effective at Bureau level while structures below the region suffer from too many and complex capacity gaps. The program, as indicated in the planning documents of the civil service reform of the bureau, valued the efficient allocation of skilled manpower, restructuring of the institution into manageable processes and sub processes, strengthening the vertical and horizontal linkage of each hierarchies of the planning system with modern communication systems, revolutionizing the information management at all levels and sector offices and bureaus, fully furnishing all levels (kebele to the regional levels) and allocating adequate transport facilities. Human resource development, modernization of information and communication systems, institutional organizations and linkages, building the foundation of participatory multi-sectoral planning at kebele level are key expectations since the 2003 decentralization of the planning system to weredas and kebeles.

Despite significant efforts made since then, the bureau unable to allocate appropriate staff and fulfill the required manpower, furniture and logistics as well as other necessary institutional management system for better efficiency and effectiveness of the four functions of planning cycles. In general, the current planning system has the following major gaps

1. Human resources at kebele level is almost absent and currently only the kebele management serves as a proxy of planning and kebele manager supported by inspection and supervision committee (ISC) who often burdened with workload, dual responsibilities, inadequate incentives and operating funds. The kebele administration and councils also suffer from critical gap in project and program management, design, mobilization of resources. Skills and experience in development planning is critical hurdle even to identify the most important community problems and planning for better future. The ISCs, though they have relatively semi-educated human resources, experiences in community level participatory planning, project formulation and appraisals, budgeting and other areas of development planning are lacking. The workloads and the secondary role of planning to their responsibilities as well as their dual role in preparation of plans (for two offices) handicapped their effectiveness and dedication for planning purposes. At the same time lack of operating funds for kebele manager not only affected the determination but also the proper development planning, data collection and analysis, priority setting, project identification and formulation of viable community development programs. In almost all the surveyed kebeles, the main source of annual operating budget for the kebele manager and administration is internal revenue (sales of trees and grasses, fees and fines) and for an equivalent proportion of the managers the overall office costs are covered from own pockets. The most overstated information function of the Bureau is constrained by lack of stationeries and other office materials. The majority of the kebele managers (supposed to be planning and data workers) currently serves in kebele administrations and available vacant rooms. Working environment is inadequate in addition to lose of hope and skills in planning. Technical support is inadequate from the upper hierarchies who also suffer from similar problems. The difficulty in predicting appropriate budgets and lack of any grants from the weredas for implementation of community projects and the dependence on only community contribution also undermined the effectiveness of planning and dedications of most of the kebele level planning. In addition, the continuous dependence on community participation has a great impact on the scale, quality and type of projects formulated and implemented at kebele level. Above all such financing and planning trends lead to the proliferation of unviable and repeated projects as well as lack of medium and long-term

development vision. As a result, none of the kebele structures believes the viability of the planning system and sustainability of the methodologies in solving long-term problems.

2. The wereda level planning, though has better working conditions than kebeles, they still constrained by technical, administrative and management deficiencies. Shortage of budget, mismatches between expectations and the real world, poor flow of reliable data, inadequate capacity building, weak linkages with sectors and kebeles, inadequate and inefficient manpower, administrative and managerial disincentives are major constraints not only to effectiveness of the planning institution but also to the development planning processes at wereda level. The planning and management capacity of the weredas of the pro-poor sectors is still inadequate and suffer from a number of gaps. Maintenance and operating costs of a number health, education and water supply facilities, road infrastructure and extension service facilities is so high that the overall annual budgets of the weredas cannot cover even minor operations. Despite significant budget shortages, weredas still plan for new infrastructure. The majority of the health and education facilities have extremely low operating budgets, inadequate human resources in both quantity and quality. The internal revenue and block grants on the other hand are increasing at the marginal rate regardless of the overwhelmingly increasing expenditure requirements, increasing demands and expanding institutions. The weakness of the sectoral and kebele level planning also reflected in the overall planning procedures and systems at wereda level. The technical support and linkages between the weredas and BoFED is limited due to structural and institutional rigidities. Zonal level planning institutions have also inadequate capacities to support the wereda level planning though they have some structural mandates. Inadequate access to communication and information technologies, poor working environment and extremely low level of operating budget for the planning and budgeting function limited mobility, technical support, efficient data collection and analysis, appropriate spatial and sectoral planning and effective linkages.
3. Lack of resources and inadequate problem identification affected long and medium term visionary development planning, reliable projections of budget requirements, effective, and feasible wereda program and project design, weakens the linkages between the physical and financial plans. Eventhough a number of weredas created the regional state; not all weredas are the same in endowment and constraints. Development planning must observe the significant variation and similarities between the weredas. A number of weredas have comparative advantages in crop production, while others not. The capacities of weredas in central zones and those with long historical interventions have better capacities to manage their development needs. The pastoral areas and the environmentally vulnerable areas are not only deficient in financial resources but also have inadequate capacities even to manage minor development activities. The strategies for both categories of weredas should not be similar if the envisaged sustainable and equitable development goals should be achieved. Lack of treatment in such development and capacity differentials and prioritization are critical issues not only for the development of the weredas but also a serious hurdle to self-sustained economic development of the region.
4. The BPR stresses the importance of the planning and data worker supported by virtual committees at kebele level, responsible for coordination, planning, monitoring and evaluation as well as information management. None of the five zones and weredas observed in this fieldwork, established the virtual planning committee or assigned the planning and data worker. Planning is performed by different committees flowing in a series of various sub kebele structures, finally compiled and approved by the kebele cabinet and council. Two types of planning are normally undertaken at kebele level. First

household planning, which refers to household agricultural package plans and preventive health care organized by the development groups and health committees who in turn submit their plans to zones (in this case sub kebele structure or a village). Each zone (or village) has an extension unit responsible for the analysis and appraisal as well as compilation of household level plans from sub village committees. The kebele manager is the responsible for compiling this plan and submitting to the kebele council for approval. The second type of plan is community plan, which begins with identification of major problems at kebele level and prioritization by the community. These priority projects may include additional classrooms, offices for the kebele administration, DA houses, water supply points, access roads and other projects with relevance to the majority of population groups. The plan is, finally compiled by the kebele manager, appraised by the cabinet and finally approved by the council. The kebele manager compiles both plans and submits to the wereda administration, WOFED (few kebeles) and other relevant organs in the wereda. Therefore, the role of the current kebele manager is limited to compilation of plans submitted by sectors and kebeles and calls for preparation of annual development. It is also noted that kebele manager, though have similar responsibilities to that recommended by the BPR, all of them were employed by the wereda administration with dual answerability. In general, the BOFED has no structure in reality at kebele level and the relation between the WOFED and kebele managers is extremely loose due to employment and accountability systems.

5. There is no linkage between the budget and the physical plans at all levels. The largest proportion of the annual development budget is allocated for salaries, on average about 86.3 percent for all weredas in Oromia. The maximum proportion of budget for salaries is about 94.8 percent and the lowest 73 percent of all budget allocated for the weredas. As a result, while budgets are liable for adjustment, physical targets will not. The operating budget ranges from 3.5 to about 9.5 percent for the majority of the weredas. Across sectors the average operating budget was for agriculture and rural development sector and water supply was 6.3 and 8.2 percent respectively and for health and education sector 1.5 and 8.8 percent. About 38 percent of the wereda institutions have no capital budget in 2001 EFY and the average for all is only 3.7 percent. The shortage of budget to finance capital investment and operating costs reinforces the unreliability and weakness of the planning and budgeting system. Similarly, most of the weredas believed that the fiscal decentralization and decision-making power vested in them is not consistent with the resources allocated each year. This leads to the frustration of technical staff in sector offices and WOFED.
6. Viable development plan depends on viable projects and programs. The capacities of weredas and zones in identification, feasibility study and appraisal of development projects are limited. Consideration for developing the potential resources and reducing the development gaps and constraints in the weredas were not linked with strategies and projects with high rate of economic, social and environmental returns. Current programs and projects are national and regional programs with few considerations to potentials, socio-economic problems and capacities of the wereda institutions and population. Pastoral weredas and mixed crop farming areas pursuing and financing similar development programs which mainly focuses on crop production and agricultural sector programs regardless of the potentialities and limitations of the viability of the programs. Unviable and inconsistent development plans are sources of wastage of scarce financial resources and erosion of popular participation. Problem identification and priority setting are also inadequate and could not lead to project formulation and design. Most of the wereda and kebele level projects and programs are therefore could not attract external

financing and limited to construction and maintenance of existing infrastructure and new constructions with inadequate capacity to provide the services they intended for.

7. Eventhough planning is the mandate of the weredas, some sector bureaus are still playing significant role in dictating wereda line offices. Bureaus approve indicators and targets. The problem, besides its inconsistent nature to the mandates of the weredas, is that bureaus are planning for the weredas with no delegation of power to finance the development projects at wereda level, situations, and capacities they have of little concern.
8. The increasing number of institutions not only competes for meager development funds, but also results in separation of similar development activities into various institutions with poor linkages. Besides, some of the institutions are not consistent and compliant with the potentials and constraints of the weredas. The cumulative effect of too many and diverse institutions is a number of vacant positions, increasing number of semi-skilled manpower, poor implementation performances, widening fiscal gaps and weakening of the viability of development plans at all levels.
9. Accessibility to social infrastructure and services is improving in all weredas. Expansion is also progressing and consuming the largest proportion of capital budget. However, the increasing number of physical infrastructure on the one hand increases financial and human resource gap, and maintenance and healthy operation of the infrastructures on the other. Most of the social infrastructure facilities are vacant and few of them are staffed with semi-technical staff due to critical shortage of budget to employ qualified and skilled manpower. As a result, most of the weredas rely on assigning employees with low salary scale and with no or few technical skill and experience.
10. Both technical support and training are inadequate in all weredas to improve the technical skills and experience of sector institutions and WOFED. Available training is inadequate and sometimes irrelevant considering significant gap in experiences and technical capabilities at this level. For the majority training is equivalent to meetings and orientations on some issues organized by capacity building offices, WOFED and ZOFED.
11. Community participation in all weredas is encouraging and increasing over time. However, the continuous contribution and endless requirements from the community from year to year, creates some fatigue and weakens the formulation of meaningful development projects with larger outcomes on livelihood of the population. The lack of allocation of budgets to kebele institutions and shortage of operating costs for even planning and reporting purposes reinforces the assumption that kebele level planning are participatory and should be implemented through community contribution (money, labor and material). Furthermore, it is a major cause for lack of attention for kebele plans at wereda level and wereda plans at regional level. vulnerability and poverty in most of the weredas could also be the major cause for weakening of community participation in the short and medium term
12. The lack of direct communications and technical support between the bureaus and wereda sector and planning institutions is also a major structural poverty of the planning system in the region. ZOFED neither mandated for planning nor built its capacity to provide technical support and training. Similarly, the relation between the weredas and the bureau is loose and weakening due to poor structural relations. Weredas as a result have little opportunities for training, technical support and even communications with the bureau for information exchange and experience sharing as well as to loud their voices to be heard. It

is also unjustifiable to place the ZOFED as a channel or a technical service provider where there is no capacity at all.

13. Sectoral planning in general is inadequate not only due to shortage of budgets but also inadequate attention for skilled manpower and structural organization for planning. The implication of weak planning system in the sector offices has also significant negative impact on WOFED.
14. In the last 15 years, a number of development activities particularly expansion of social and economic service facilities have been accomplished, Currently almost all kebeles have health posts, extension workers, schools and other infrastructure. However, the qualitative achievements of the expansion of services are not homogeneous in all agro-ecological zones and among the majority of the population due to variations in endowments. Plans should be disaggregated into manageable and consistent planning indicators, which consider the variation between different entities. Within the kebeles in the same weredas, there are significant variations regardless of equity of distribution of physical infrastructure. The current planning practice is to consider the wereda as a homogeneous planning unit, which on the other hand hide significant inequality in access to quality services. It also over-shadow the emergence of new strategies and development concepts and practices with significant contribution to create dynamic local economy.
15. The development planning is not linked with poverty, food insecurity reduction strategies and other millennium development goals. This arises from lack of experience in linking these indicators with annual plans. Neither the wereda nor sector plans have such indicators. Outcome indicators arising from the construction, rehabilitation or modification of infrastructure constitutes the regional macro-economic framework and annual plan targets. The planning system is not substantiated with evaluation inputs, which are vital in resource allocation, decision-making, development of relevant programmes and projects. The increasing volume of agricultural production is not linked with poverty reduction, food security and nutrition, income, revenue and expenditure capacities. Number of extension workers should be linked with productivity and adoption of new technologies and working practices, yet the yardstick in the planning targets is ratios. Health infrastructure, water and sanitation facility expansion should bring some change to mortality, morbidity rates and incidence of diseases as well as improved income and productivity.
16. Capacities for adequate project identification, preparation and appraisal is also inadequate both in the planning and sector bureaus. Appraisals are limited and not critical to encourage viable and discourage weak proposals,
17. Sectoral planning is still dominating the planning system of the region. Planning institution plays an allocative role than real development planning that integrate the overall economy, the existing potentials and constraints and that lead to sustainable development. Research on planning and policy is inadequate and in most cases non-existent. Though attempts to address the problems of some critical spatial areas (such as the 59 food insecure safety net weredas, the pastoral areas, etc) the resource flow to these areas, projects and programmes designed to address their problems are not as such vary from the relatively less vulnerable areas. Regional development planning should focus on such depressed areas while promoting accelerated growth in dynamic parts of the region.

5.2. Budgeting

The annual development budgets, consistent with the national budgeting and financing modalities and procedures, is sourced from three major areas. The federal government block grant accounts for the major proportion, and increasing from time to time, and the regional revenue generated from various sources and external grants and loans usually financed through the federal government for projects and programs implemented in the region. The block grant to the region is allocated through recently adopted unit cost approach, which considered a number of indicators, which often supposed to reflect the expenditure needs and development gaps. Similar to the federal government, the regional government allocated annual budget for 301 weredas and townships based on the unit cost approach considering various socio-economic indicators particularly that of agriculture (extension services), health, water, education and access road availability, densities and vital ratios derived from these sectors.

The responsibility of budget planning is vested to BoFED at regional and WoFED at wereda level. Various sectors are also mandated to plan their budgets on regular basis, which often culminated to a simple expression of needs.

5.2.1. Levels and Methods

The budget planning exercise at relevant levels starts with linking the planned physical activities with the required budget based on expenditure needs calculated by unit cost approach. At kebele level there is no budget planning at all for various reasons

1. Budget allocation for various development activities at the kebele level is not practiced because plan at this level is considered, participatory, labor intensive and as a rule of thumb the development activities at this level is the mandate of the community
2. The capacities at this level with regard to implementations of large or medium scale development programs is limited
3. The knowledge and practice of budget planning is not in place and hence budget allocation for kebeles considered unjustifiable and feasible, and
4. Critical shortage of budget even for the wereda level government structures

As a result, the kebele level plan only incorporated physical plans, which in some weredas contributions in the form of labor, material and others are converted into monetary terms to reflect the degree of participation and resources requirement for development activities at kebele level. In very few kebeles, in kind contributions are also converted into monetary terms where there are some experienced manpower and technical support is relatively adequate. In the majority of the kebeles and the weredas, however kebele level budget planning is not in place. However, when there are some construction projects such as water supply, expansion of schools, and health services which need the consent and approval of the wereda government, the kebele projects were considered for budgeting lest the availability of adequate budget for sector offices and meaningful community financial contribution. The source of budget for running various economic, social and political operations at kebele level is also limited to sources such as fees and fines, sale of natural resources such as trees, grass and community contributions. For the majority of the kebeles however, there is no budget at all for both development and non-development activities.

The wereda level budget planning incorporates recurrent and capital budget allocation, follow up and control. The WOFED, as indicated above is responsible for the budget planning, allocation, budget transfer, inspection, auditing and control. Its mandate also

includes priority setting for budget allocation for all wereda government institutions. Eventhough WOFED has a mandate for budget allocation and priority setting, the there is no clear and objective criteria either for budget allocation or priority setting. Whenever, the actual budget of the wereda for specific year could be boldly estimated, the priority is given to the salaries of the existing staff, and next to new employments. The remaining meager fund (which is less than 10% for most of the weredas), is allocated for capital and operating expenditures. Since almost eight in ten birr of annual budget of weredas is for salaries, the proportion of the capital expenditure is either less than or equal to the pre-determined level of 6.62 percent of benchmarks of BOFED. The remaining proportion rationed among all institutions with subjective consideration for the degree of gaps, previous year performances, availability of fund, and decision of the wereda council.

Weredas depend on block grants of the regional government, revenues from various sources such as taxation, and other sources (grants and loans) for bilateral and multi lateral projects and programs active in the weredas. The regional government 'block grants' is the major source of budget for program implementation, and accounts for about 85 percent of the total budget of the weredas and shown a marginal decline from 73 percent in 1999 to 72.5 percent in 2001. The wereda internal revenue accounts for only 27.5 percent of the total annual budget in 2001 and has shown only marginal changes over the period of three years. For the majority of the weredas over 90 percent of revenues is generated from agricultural income and land fees and taxes. In the same yea, the weredas who financed more than 70 percent of the total annual budget from total revenue were only four percent. Furthermore, the inelastic and unresponsive nature of the tax base is one of the major causes for the dependence of the weredas on the regional block grants and low capacities to finance their development activities from own sources. The block grants allocated by the regional government to the weredas are for salaries, operation costs and capital investments. Eventhough the weredas has a mandate to allocate the block grants into current and capita budget (depending on their expenditure needs and circumstances); it is pre-conditioned by the ratio of 1:13. Eventhough some of the weredas able to achieve these ratios, the majority have no capital investments due to increasing operation costs with the expansion institutions and increasing number of staff to run these institutions. In the majority of the observed weredas, capital investments accounts for only less than 3.7 percent while 90.5 percent of the weredas have no capital budget at all. Of the total current expenditures, about 93 percent is for salaries and seven percent is for operating costs. In the same weredas of the three zones, the ratio of salary to capital budget, to operating costs was only 23 and 12 respectively. Of the total salaries, about 69 percent is for pro-poor sectors. On the other hand, the operating and capital costs of these sectors were only 37 and 72 percent of the total budgets for the weredas. On the other hand, of the total budget allocated for these sectors (including the LIG of 8.2 million), 89 percent was for salary, 3.9 percent for operating and four percent for capital expenditures. The none pro-poor sectors on the other hand accounted for about two third of the operating costs, one third of capital investments in 2001 EFY.

The WoFED is mandated to allocation and management of development budget at wereda level. The budget allocation at this level, for various sectors (about 27 for almost all weredas) depends on subjective criteria. The budget allocation starts with rationing salaries of existing staff and the remaining is then distributed among sectors based on the following criteria in most of the weredas

1. The type of projects which are mostly related to agriculture (farmers training centers and extension), health, water supply and school expansion

2. The priority put on the sector, which according to the regional and federal government regulations are the five pro-poor sectors.
3. The number of existing staff in each wereda institutions, and new employment needs which focuses most of the time on diploma graduates and low salary scales
4. The proportion of salaries of each sector office to total salary expenditure of the wereda,
5. political motives which necessitates the prioritization of un-prioritized sectors and projects
6. The procurement needs of the sectors where medical equipments and drugs have got top priority whenever budget is adequate to finance various procurement tasks

Despite these criteria, no wereda adopted objective criteria that focus on livelihood improvement, expansion of revenue base, critical impact in reducing poverty and destitutions and other social and economic impact indicators. The major reasons however are that critical shortage of budget even to finance the salary of existing and new employments. Thus, in all weredas salaries of the existing staff get top priority followed by new employment needs, procurements, few low cost economic and special sector projects, and finally operating costs.

The 1995 EC financial regulations and decentralization did not give mandates for planning and budgeting for zonal jurisdictions. Zonal jurisdictions are considered as part of the regional government institutions and supposed to serve as pipe line and channel of service flow from the region to the wereda and vice versa, to provide technical support for the weredas in areas of capacity building and training. As a result, zones only mandated to compile budgets submitted from the weredas and zonal level sector offices and send to the regional BoFED. The zonal institutions are financed directly by regional bureaus. Similarly, ZOFED has no role in financial planning either except compiling the wereda sector disaggregated data and organizing implementation reports on regular basis.

The sectors financial planning is also limited to expression of their expenditure needs than the estimated actual financial resources needed to finance their development activities based on capacities, practices and experiences existing within these institutions as well as development gaps to be addressed in the short, medium and long-term periods. Each wereda institution is financed by WOFED from block grants, internal revenues and other sources available for the year based on subjective criteria set by the wereda council, WOFED, and other concerned bodies in the wereda government. The wereda government institutions/organizations are therefore have no mandate to plan their financial needs directly due to critical shortage of budget in the weredas. It is also meaningless for these organizations to plan budget requirements as what is already requested and allocated have no relationship with their physical plans, program requirements, gaps and baseline development targets set by the regional government. Like at the regional level, the financial resources are allocated for three major sectors. The administrative sectors, which incorporates about 10 institutions accounted for about a quarter of the total budget, half of the operating costs and 20 percent of the capital budget available to the weredas in 2001. On the other hand, the economic sector included 11 institutions and accounted for 18 percent of the salary, 19 percent of operating costs and one third of the capital budget.

As a result, the majority of sectors finance only their staff salary and insignificant proportion of their operating expenditure needs. The majority of the wereda institutions have no capital budget. Over 90 percent of the weredas have only less than 10 percent of operating costs and less than five percent of capital budget allocation. The variations between requirements and available fund for development activities range from one-third to five folds. With

increasing market prices and operational costs, some of the basic service providing sectors unable even to finance minor construction activities. Small-scale irrigation development, eventhough mandated to wereda water resources office, has no operations in the last three years due to lack of adequate budget. Similarly, the majority of water supply point development activities are restricted to awareness creation, and to tasks, which need no or little financial needs. The majority of the wereda organizations suffer from critical **shortage of manpower**³ and unable to fulfill the existing vacant positions for several years. Most of the health stations, high schools and major wereda sector offices have inadequate manpower. Eventhough manpower shortage is critical hurdle for improving effectiveness of development activities, the crippling **effect of shortage of operating budget** to motivate and improve efficiency of existing manpower further kills the morale and dedication of most of the government staff at wereda and kebele level.

The zonal level sector offices have also mandated to plan for either the weredas or the zones due to unclear and irresponsible structure which on the one hand waste skilled and experienced manpower and a huge volume of scarce financial resources which otherwise could be used to finance weredas and kebeles.

In general, budget planning is based on previous year achievements, revenues, expected regional grants, infrastructure gaps, and sometimes on community needs. However, the amount of budget available to the weredas is not consistent with the power vested to them in managing various sectors such as agriculture and rural development, health and education infrastructure and services, water supply and access road construction and maintenance, and a number of administrative sector institutions. The major reasons for the expanding gap between budget supply and demand are increasing number of institutions and structures, increasing demands for basic services, low revenue generating capacities and inelastic tax bases, too many and complex socio-economic problems, vulnerability of most of the weredas to natural risks and shocks, inadequate criteria for budget allocation, and priority setting.

5.2.2. Processes and Procedures

Budget is an integral part of the development planning process; it is an instrument to materialize development goals and also a tool for managing the socio-economic and political aspect of development issues of the government. Budgeting has a critical role in planning and the effectiveness and efficiency of planning depends on the volume, management and utilization of available financial resources. It is hard to imagine effective and progressive development without adequate budget and vice versa. Similarly, budget above all includes amount and source as well as modalities of fund flow, management and utilization, which on the other hand determines the efficiency of outputs of development. Without sound planning, consideration for local circumstances and knowledge, budgeting leads to jeopardy and to the collapse of even the most performing economic and social services. Budget planning eventhough has a long history at wereda level in Ethiopia; effective development related budgeting under a separate lower jurisdiction was started in early 1995 EC.

Following the assignment of budget planning to the weredas in 1995 EC or 2002/3, the overall planning and budgeting exercise have been delegated to WOFED with the major mandates for administration and management of fund, allocation of budgets and supervision, inspection and auditing. Besides, the delegation of budget responsibilities, the

³ Shortage of manpower is created due to shortage of budget, and high staff turnover.

WoFED also mandated to expansion of revenue base of the weredas until recently. Due to the subsistence agrarian, small-scale wereda economies the majority of the weredas in the region however, unable to finance even the minor salary and some operating costs of wereda institutions. The average wereda revenue in 1999 EC, for example, was only 1.3 million birr increasing only by a margin of a quarter per annum until 2001⁴. The majority of this income was collected from a single economic sector, agriculture. Similar information from various sources also indicated that of the total 301 weredas and towns with legal jurisdictions, only 2.4 percent (or seven weredas and towns) able to generate revenue more than the block grant allocated by the regional government. About 89 percent of the weredas have a ratio of less than a quarter and one third less than 10 percent of the total budget allocated in 1999 of the total allocated annual budget. The number of weredas, which can finance less than 25 and 10 percent of their annual budget from own revenue declined to 87 and 18 percent respectively in 2001.

Despite significant shortage of budget over the last years for development activities at wereda level, the number and type of institutions have been growing rapidly through division of former institutions and creation of the new ones. Such trends currently increased the magnitude and depth of the financial needs on the one hand and shortage on the other. The staff requirement, logistics, and other support services as a result are increasing significantly. The gap in staff requirement is increasing while the available budget is shrinking in real terms.

Eventhough the former budget grant formula has so many shortcomings the current unit cost approach also have some basic problems in solving the increasing expenditure needs and building capacities of the weredas. The budget planning procedures, processes and steps are well articulated in the business re-engineering documents of the BoFED with major reflections in allocation criteria, methods and levels. In accordance with this document budget planning, allocation and administration is the mandate of the WOFED while planning and implementation is that of the sector offices. Most of the weredas tried to adopt and reconcile with the stated procedures and steps, while some have faced difficulty to adapt to circumstances. The critical shortage of budget make the budgeting exercise a fake, unrealistic exercise disconnected from physical activities, targets and outcomes.

The process of budget planning is similar to the physical planning exercise beginning with call for planning and ending in budget approval at council level. The planning period is also in line with the physical planning period, which for almost all weredas starts in March and ends in July and August. The delayance of the regional block grants however extends budget planning period beyond the June-July benchmarks of physical planning.

The budget planning exercise at each level of jurisdiction is similar eventhough the mandate, responsibilities and scope of procedures vary from one level to the other. At the kebele level, there is no budget planning exercise due to nature, level of fiscal decentralization, capacities and other factors considered important in budget planning and execution.

The normal procedure of budget planning at wereda level starts with identification of needs of various government organizations and institutions early in the planning period, which corresponds with the end of the fiscal year. Precondition for budget planning such as data gathering, review of past performances, problems, weaknesses and strengths, and other

⁴ In 1999 EFY, the average annual wereda revenue was 1.25 million. In 2001 EFY it was 2.2 million Birr.

vital indicators for budget planning starts in early March in most of the weredas. Parallel to the gathering of information and review of various documents, assessment and estimation of internal revenues, all sector offices are requested to prepare and submit their financial needs and physical plans, which are important for estimation and allocation of sectoral budget needs. **Budget allocation criteria** are also derived from these sources even though most of the draft expenditure needs have no relations with the actual block grant and overall estimated budget of the weredas in a particular year. **Furthermore, pre-planning conditions such as setting budget ceiling to limit the expenditure and budget needs of the sectors, and to reconcile with the actual available budget, the WOFED will formulate budget ceilings for all sectors. The criteria are decided on Woreda cabinet meeting. The WOFED prepares the criteria and decision is made on the meeting. The budget ceiling is formulated based on**

- The expected own revenue to be obtained from various sources within the wereda
- The expected block grants from the regional government and other sources based on past trends of financial flow, critical infrastructure gaps to be filled in the year and other social, political and economic factors
- The **number of manpower** in each institutions and the payroll at the end of the fiscal year
- The **type and number of proposed projects** and recurrent expenditures of regular programmes as well as proposed new employment
- Priority put up on the sector and programs.

The usual procedure is that the sectors ought to prepare their annual budget within the framework of the draft ceiling and submit to the WOFED and respective zonal sector offices. WOFED is responsible for appraisal of these draft plans based on common criteria such as compliance with the draft ceilings, priorities set for the period, the manpower and financial requirements, cost and prices for construction activities, critical gaps and other criteria. The role of the draft ceiling however ends with the announcement of block grants to the weredas by the regional government, which is actually in July and August. With the arrival of the block grant, WOFED readjusts the draft ceiling into more realistic figures based on criteria used during the draft planning period. The actual ceilings are re-announced to the wereda sector offices and requested to adjust their physical and financial plans accordingly. The final sector financial plans are compiled, rechecked and organized into various formats and incorporated into the wereda physical plan and submitted to wereda cabinet for review and comments. The planning committee organized for the various planning, monitoring and evaluation of projects and programs have critical role to play in appraisal and analysis of the allocated budget across sectors. With comments and adjustments, WOFED prepares a comprehensive financial plan and submit to the wereda council for approval. Once the wereda council approved the plan, WOFED will prepare, compile and organize the sector budgets in various formats and facilitate for the promulgation of the wereda financial and physical plans. The promulgation and official announcement of the financial plan will herald the end of the planning procedure and processes and followed with the implementation phase, which is the mandate of the sector offices in the wereda.

Even though this is a formal procedure of budget planning cycle, the majority of the weredas could not adopt the same procedures and processes. The majority of the weredas could not prepare draft financial plans in recent years. Unlike indicated above some weredas prepare only physical plans before the end of the fiscal year and submit to their respective zonal sector offices and WOFED for approval and revision. These plans will not be linked with either actual

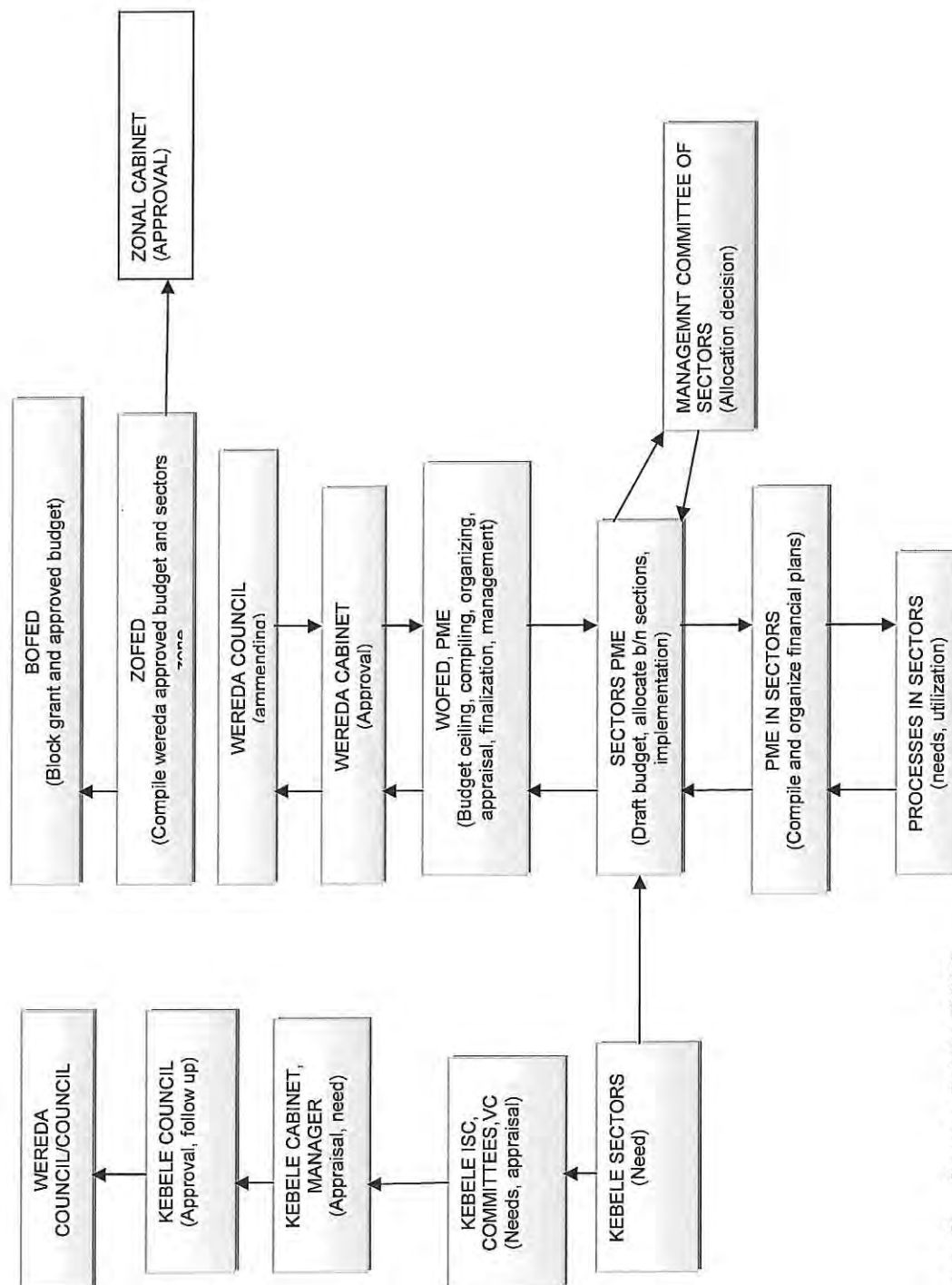
or expected budget. The technical appraisal of the physical plan documents will improve the content, and scope of some development projects and programs even though they have no linkage with the available budget. The sector physical plans also analyzed and appraised by the zonal level offices and submit upwards to the bureaus with some editorial tasks. The bureaus further appraise these plans and most of the time add development indicators and goals of the year and send back the wereda plans via zonal institutions. The financial plan is prepared with the arrival of the actual block grant from the regional government and ceilings for each sector from the WOFED. With the ceiling, sectors struggle to ration the available budget with priority for salary and operating budgets among a number of structures and tasks. With the allocation of the financial resources among various tasks and teams within the sectoral institutions, the sector offices submit their final plan to WOFED. WOFED further appraise these financial plans and fill in relevant financial formats prepared for this purpose by BoFED. While weredas are struggling to adjust their plans to stringent and inadequate budget, the physical plans and the regional baseline indicators and development goals will not be considered as for the majority of them development budget means only financing salaries of their staff. WOFED on the other hand submits the final financial plans disaggregated into source, expenditure purpose, budget owners, budget codes and major development activities and submits to the council and the bureau via ZOFED.

ZoFED on the other hand, compiles and organizes the approved wereda budgets and submit to the Bureau. At this level, ZOFED compiles and organizes the approved wereda budget disaggregated in to sectors/ budget owners, capital and current expenditures and other relevant codes. In terms of budgeting ZOFED still plays the role of channeling, compilation, and to some extent technical support.

For the majority of the weredas financial planning took from 60-90 days, most which is accounted for data collection, establishing budget ceiling and appraising, as well as reviews. Delayance are common sometimes due to the critical shortage of budget and too many time taking tasks of rationing the meager operating budgets between different competing sections of the sectors.

In general, the budgeting at wereda level is a simple exercise of rationing budget among various sectors to finance their staff. In addition, budget will not play any role as an instrument of development, policy-making, project design and formulation as well as implementation of programs and projects. It is also, a miracle how weredas manage financing development activities with almost no capital budget on the one hand, and achieve high level of development targets, on the other

Figure 3: The Budgeting Procedure at Wereda, and Zonal Level



Source: Own Survey, October 2009.

In general, the frequency of budget revision is three times in those who adopted the BPR procedures, which includes the following

1. Draft financial and physical plan based on the preliminary budget ceilings set by the WOFED
2. The adjusted draft plan after the review of WOFED which still waiting for the final adjustment after the announcement of the block grant and the wereda internal revenue
3. Final budget plan under the final ceiling of the WOFED based on block grants and wereda revenue disaggregated by budget code, sub sector of the institution, capital, salary and operating costs (purposes) and major development activities.

The budget planning in sector offices is mandated to the planning, monitoring and evaluation teams organized under each wereda sectors composed of two staff. The PME of these institutions, at current state of affairs only limited to compilation of physical and financial needs planned by the various section within the particular sector. The final allocation of funds within these sections needs the decision of the management committee of the institutions particularly on budgets for new employment and operating costs for the year due to critical shortage of budget, competition and its implications on the commitment of various sections within the sector offices. The PME allocate budget based on the decision of the management committees of the offices and submits to the WOFED a disaggregated budget allocated by purpose, type of budget and other relevant topics indicated in the presentation formats.

The major stakeholders in budgeting at wereda level are therefore government institutions, the wereda cabinet, the wereda council, NGOs (in some), various committees within the cabinet and private sectors. The responsibility of the sector offices is financial plans for implementation of various development programs, financing staff salaries and operating costs and up on approval implementation, monitoring and evaluation of budget performances and execution. The NGOs though have few involvements in budget planning; they are stakeholders due to their linkages in various development activities financed by the government and in some for their financial and technical support particularly at kebele level. Some of the NGOs and international organizations also provide financial supports to some sectors particularly water supply and sanitation and small-scale irrigation construction, maintenance, expansion and operations. Procurement and capacity building activities are also an area of intervention of some NGOs in few weredas.

The actual budget planning is however, the mandate of the planning and budgeting team in WoFED, planning and budgeting sections as well as various processes and sub processes in the 27 sector offices. The planning, budgeting, monitoring and evaluation process of the WOFED is responsible for setting draft budget ceilings, priority setting, budget allocation, compilation and organization of sector plans, technical support in budget planning, facilitation for approval, follow up its implementation. This section, in most of the WoFEDs, has two to five staff members mandated for all tasks of planning, budgeting, information Management, monitoring and evaluation, technical support and training and other capacity building activities.

In the sector offices, there is also one or two staff members who are responsible for planning, budgeting, monitoring and evaluation of programs. Some of the sector offices have no such teams. In over 90 percent of the wereda sector offices, almost less than 50 percent of the staff for this vital task is available. The weaknesses in the sector offices in planning and budgeting is also reflected on the performance of WOFED and the PME mainly in form of poor and unreliable target setting and planning, delayance, and poor budget performances. The planning and budgeting sections of these sectors also suffer from inadequate technical support from various sections of same and from the zonal sector offices. As a result, the capacity in these institutions in planning,

budgeting, monitoring and evaluation is limited to compilation of plans submitted by divisions within the offices.

Table 2: Stakeholder and planners in budgeting

No	Institutions	Mandates in budgeting	strength	weaknesses	opportunities
1	WoFED	Planning, budgeting, allocation, budget administration	In most experience, dedication	Inadequate manpower, skill, experience, coordination, technical support	Well structured institutions from kebele to wereda level, cooperation and team work
2	Sectors and their PME	Planning, budgeting, M&E, implementation	Structures at village level	Inefficiency, low capacities for capacity building, technical support, budget and limited mobility	Structure, freedom of management, administration and planning
3	Wereda cabinet	Administration, coordination, peace and security, justices, development	Compliance with local circumstances, structure	Political motives, coordination, priority setting, decisions	Freedom of decision making power, administration and delegation of responsibilities, structures
4	Wereda council	Approval, coordination and decision	Not clear	Priority setting, decision, political motives	Decision making power, self-government, priority setting
5	Kebele cabinet	Planning, coordinating, management	Commitment, coordination, M&E	Skill, experience, political motivation, decision making	Freedom of coordination, decision making
6	Kebele council	Similar to WC	Similar to WC	Similar to WC	Similar to WC
7	Kebele committees	Planning, M&E, coordination, management	commitment	Skill, experience, coordination, dedication, fatigue,	Group action, reporting and information flow
8	Kebele sectors	Development activities, capacity building, others	dedication	Experience, technical support, budget	Cooperation, local circumstances, others
9	NGOs	Development activities	Approaches, finance, manpower	Integration and links for various reasons	Capabilities, decision making, awareness, approaches
10	Private sector	development	Finance, investment	Under developed sectors	Investment climate

Source: Own survey, October 2009

5.2.3. Technical support

The decentralization of functions, responsibilities and mandates to the grass roots level always need commendable capacity building and technical support. One of the roles of zonal sector offices and ZOFED is provision of technical support for weredas particularly for those, for various reasons and circumstances, unable to function at least to the minimum standard due to shortage of skilled manpower, experiences and a number of implementation hurdles. Some of the sector offices such as education, health and water resources offices at zones relatively able to provide some technical supports to their respective wereda level institutions mainly due to some minuscule responsibilities vested to them. Currently, some of them able to support wereda institutions in procurement, short training workshops and orientation sessions, provision of technical manuals, guidelines and formats and in data management. However, the overall support structure and packages are inadequate and mainly limited to supervision field visits and observations, which also include inspection of wereda offices. ZOFED on the other hand has almost no relations with WOFED except in very few times in a year related with quarter monitoring and evaluation session undertaken at field level. Most of the regular field monitoring and evaluation, support in information management and others were also aborted either due to lack of budget or transport facilities. Technical support in budgeting is also limited and the only linkage and communication viable at this level is communications through letters and transfer of various formats from the bureau to the weredas and documents from the weredas to the bureau.

The wereda level technical support for kebeles and kebele institutions is also limited to occasional field visits to kebeles due to lack of budget and transportation. WOFED has no capacity at all for

technical support. Shortage of manpower is critical not only in numbers but also in skills, experiences. Coordination is also limited to planning, monitoring and evaluation reports which most of the time demanded by the wereda cabinet and the council who have more power to mobilize wereda institutions. Similarly, support from other institutions to the WOFED was not reported in any of the observed weredas so far. In general the technical and capacity building tasks between the vertical structure of planning and horizontal structures of sector offices is inadequate which adds another hurdle to the effectiveness of the development plans and the efficiency of wereda and kebele level institutions.

Technical guidelines and manuals are key instruments where there is no or inadequate skilled manpower in budget planning, auditing and accounting. Most of the observed weredas have some training manuals on budgeting but no technical guidelines and manuals, which are comprehensive, detail, user friendly and applicable to various circumstances. For the majority of the weredas, the training manual is somewhat adequate but limited in technical budget planning. Lack of regular training and refreshment courses and workshops also limited the usability and timeliness of the available training manual. In addition to all hurdles in budgeting, the knowledge of the majority of the staff of WOFED and ZOFED, **on current budget allocation criteria is also very limited including the heads and the management body of the offices. Similarly, most of the institutions at both levels have inadequate information on budget allocation criteria, which affect and challenge their technical expertise, initiatives and commitments.**

Technical supports within and between sector offices at all level is also inadequate. Budget support is not in place for those who suffer from critical shortage of operating budget as the zonal offices are financed from the regional bureaus.

In general, the frequency, degree and scope of technical support between all levels are inadequate, occasional, and limited to irregular supervision, inspection, and flow of formats between hierarchies and jurisdiction.

5.2.4. Expectations and Gaps in Budgeting

The expectations in budgeting are similar to the planning process and procedures. The BPR study of BOFED envisaged the integration of budgeting and planning functions unlike the pre-reform period. The structure of budget planning from the wereda to the regional level delineated fiscal responsibilities and mandates between each level. According to the BPR recommendations, the weredas are responsible for the overall management and allocation of financial resources among various government sectors and institutions. Expanding revenue base through different fiscal measures and strategies are also expected from the weredas with the ultimate and long-term goal of self-reliance in financing development activities. The structure for budgeting is also hosted within the finance and economic development offices to facilitate the integration of development planning with budgeting and to improve proper utilization and control of scarce budgets from the regional grant, own revenues and external sources. The wereda offices are also mandated for setting priorities for sectors and allocation criteria based on their local circumstances. For effective implementation of the assignment of expenditure and revenue tasks, the WOFED will also be strengthened with adequate and skilled manpower, computers and feasible software, communication and transport facilities. Each budget processes and activities, modalities and procedures is also clearly defined among all stakeholders including WOFED. Budget planning and responsibilities of each budget owner is indicated in detail, which assumed to be appropriate for efficient and resource poor budget planning. In general, the budget planning team excluding those assigned on auditing and accounting includes three budget planning staff with major responsibility of budget planning, monitoring of utilization and control.

Despite such facilitative conditions for budget planning at the wereda level, the current situation in the weredas is critical and most of them need attention of the regional government. The following are some major gaps in budget planning and utilization in the weredas.

1. Eventhough the budget of the weredas is increasing over time (by a rate of 23 percent per year between 1999 and 2001 EC), the ability to finance various development activities is actually declining with increasing prices, expanding institutions and increasing manpower to run the wereda institutions;
2. The budget allocation for weredas is also not consistent with the population growth and increasing demands for various services;
3. Budget constraints are critical in all weredas and among various institutions particularly for operating costs, which supposed to create better environments for staff mobility, technical support, monitoring and supervision activities. The proportion of operating costs in the overall wereda budget is declining from time to time eventhough total budget allocation is growing at marginal rate;
4. The critical shortage of budget in all weredas becomes also a major hurdle to employ adequate manpower for ever expanding government institutions. The majority of government institutions have less than 50 percent of their requirement for skilled and semi-skilled manpower. The shortage of budget also led the majority of the wereda institutions to give attentions for low salary scale and semi-skilled manpower such as agricultural extension agents and health extension workers than economists, health officers and nurses as well as relatively trained teachers for schools;
5. Over 85 percent of the wereda budget is used to finance staff salaries and in some, the proportion rises to over 95 percent. Capital budget is therefore limited and accounted for 3.7 percent in 2001. The majority of the wereda institutions have no capital budget at all;
6. Community contribution is not valued and indicated as part of the project budget. Moreover, wereda sector offices have no information on the level of community contribution. Valuing, recording and considering community contribution as part of the project cost and revenue is important to integrate kebele plans within the frame work of development planning activities of weredas;
7. There is no linkage between the allocation of budget and physical targets in all weredas. Critical shortages and the frequent revision and amendment of budgets leaves a wide gap between physical targets and amount of budget necessary to achieve the desired targets and goal;
8. All weredas were not developed criteria for priority setting and budget allocation. Current criteria are based on last year performances, payroll at the end of the fiscal year, favored projects (for capital budget), priority placed upon some sectors by the regional government and bureaus. As a result, the pro-poor sectors enjoyed much fund for salaries of existing staff and low budget for capital investment and operating costs. This entails that budget allocation for these sectors in real terms is inadequate and below the budget allocated for non-pro-poor sectors. For example, the 2001 capital budget allocated for all sectors in 2001, the pro-poor sectors have a share of only 37 percent of the operating and 72 percent of total capital budget allocated for these weredas. As a consequence, most of

the pro-poor sectors unable to fulfill the vacant positions and conduct adequate monitoring and evaluation and cover minimum office running costs;

9. The shortage of budget also limited the operation of relatively high cost water supply and irrigation schemes. As a result the majority of the water resources offices limited to supervision activities and awareness creation tasks with minimum operating and investment costs;
10. The number of manpower assigned for budget planning, allocation and control is also inadequate for most of the weredas. Skill and experience is also limiting to handle the multitude care the budgeting system administration requires at every step and level. Most of the staff lacks computers and appropriate software particularly at wereda level. Budget tracking, control, management and communications between different levels of budget owners and planners are as a result is inadequate. Purchasing and procurement administration is also weak in almost all weredas with consequent delayance and poor quality procurements. The lack of demanded materials, lack of transport and other services poses substantial problems and makes procurements costly for most of the weredas particularly for those with inadequate access to developed markets for large-scale merchandises.
11. The weak growth of agricultural sector and stagnant income growth of the largest proportion of the rural population and in some vulnerability to shocks limited expansion of tax base and revenue generating capacities of weredas. Of the total 301 weredas and town local administrations, only seven of them have greater share of own revenue in 2001. None of the weredas in the region able to finance its development activities from own revenues. Own revenue accounted, on average about 15 percent of total budget of the weredas in between 1999-2001 EFY. In the same period, almost one third of weredas able to finance 10 percent of the annual budget from own revenues.
12. The unit cost criteria used for allocation of grants to weredas need consideration. Weredas have no access to equal opportunities and face similar socio-economic problems. Eventhough almost all weredas have no adequate information on the allocation criteria exercised at regional level, most of them perceive that it is unfair and inconsistent with their local circumstances, development gaps, unfulfilled demands for skilled manpower, opportunity for expansion and capacity limitations. It needs also revision and replacement of current indicators into more reliable and vibrant ones.