Promoting Basic Services Ethiopia
Social Accountability Program Phase 2

Grant Agreement [TF099878]

Findings from ESAP2
Public Expenditure Tracking Survey Interventions

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Ethiopia
Social
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Phase 2

Contents

Acronyms

|	
BoFED/WoFED	Bureau / Woreda Office of Finance and Economic Development
CBO	Community Based Organisation
CRC	Citizen Report Card
CSC	Community Score Card
ESAP2	Ethiopia Social Accountability Program phase 2
FGD	Focus Group Discussion
FTA	Financial Transparency and Accountability program
GEQIP	General Education Quality Improvement Project
MA	Management Agency of ESAP2
PBS	Promoting Basic Services
PETS	Public Expenditure Tracking Survey
PFM	Public Finance Management
PFSA	Pharmaceutical Facility Supply Agency
PSNP	Productive Safety Nets Program
PTA	Parent-Teacher Association
SA	Social Accountability
SAC	Social Accountability Committee
SME	Small and Medium Enterprises
URRAP	Universal Rural Roads Access Program
WEO	Woreda Education Office
WHO	Woreda Health Office
WRRO	Woreda Rural Roads Office
WWO	Woreda Water Office

Chapter 1 Introduction

1.1 The Ethiopia Social Accountability Programme-Phase 2

The ESAP2 programme has been working on the improvement of basic services through Social Accountability (SA) interventions since the programme's inception in 2012. SA is a process by which ordinary citizens - who are the users of basic public services – voice their needs and demands and create opportunities to hold service providers and policy makers accountable for their performance. The SA process cycle (figure 1) aims to improve the quality of and access to public basic services.

Figure 1: The Social Accountability Process Cycle in Ethiopia
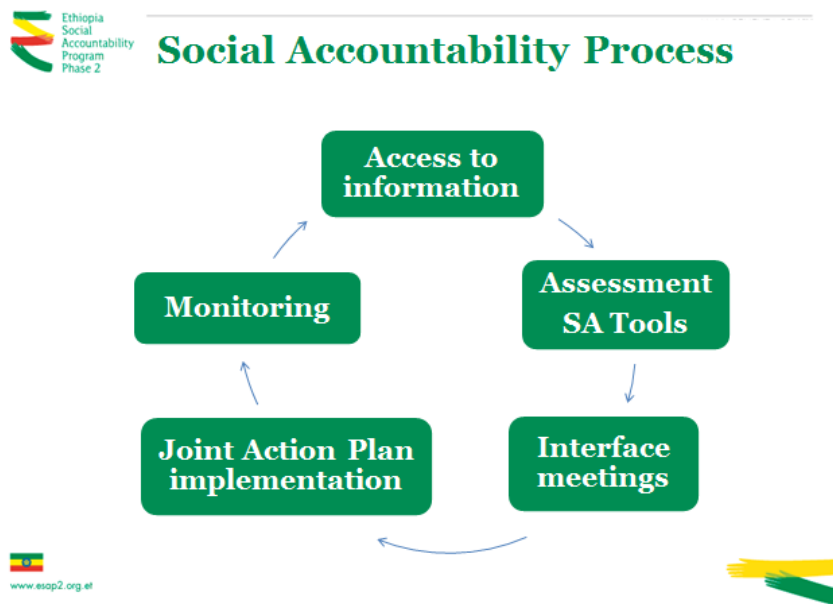
Working with 49 Ethiopian NGOs, known as Social Accountability Implementing Partners (SAIPs), the programme has been implemented in 223 woredas in five key sectors: health, education, agriculture, rural roads and water and sanitation. ESAP2 promotes five SA tools, namely Citizen Score Card (CSC), Citizen Report Card (CRC), Participatory Planning and Budgeting (PPB), Gender Responsive Budgeting (GRB), and Public Expenditure Tracking Survey (PETS). The PETS tool was designed for the Ethiopian context in 2014. This paper describes the process, findings and results of the 4 PETS interventions in ESAP2, and gives recommendations for future application.

At the start of ESAP2, the Management Agency (MA) familiarised the SAIPs with the PETS tool. Three SAIPs, HUNDEE/GURMUU, MENA, and PDN/OSD selected the tool, and facilitated active participation of all stakeholders during PETS implementation with the aim to improve decentralised spending[1]. They selected PETS to investigate concerns expressed by citizens, which are summarised in table 1.

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[1] At this stage of SA in Ethiopia the aim of PETS is not to reform structures and systems for more open and transparent budget transfer and tracking, although findings from working with this SA tool might eventually inform such reforms.

Table 1: Use of PETS in ESAP2 projects

Sector	Location	Reason for selecting PETS
Water	Jimma Raree Woreda, Oromia	Water supply projects in 2006 and 2005 Ethiopian Calendar (EC)[2] were a major development activity of the Woreda, in terms of capital budget, and were a priority of the people
Education	Wolmera Woreda, Oromia	Citizens expressed concern about school grant budget flow and utilization during CSC
Health	Dandi Woreda, Oromia	Citizens highlighted unavailability of drugs as a major concern during CSC
Rural Roads	Lode Hetosa Woreda, Oromia	Citizen expressed dissatisfaction with the quality of roads during SA project rapid assessment
Rural Roads	Raya Zebo Woreda, Tigray	Citizens had issues with the quality of rural road upgrading and wanted to understand how the budget was used

1.2 The Public Expenditure Survey

A PETS assesses if the allocated budget for services is actually spent as intended: to deliver quality services to all citizens, especially vulnerable groups. Government mobilises fees, taxes and financial assistance from various sources to deliver services. These resources must reach frontline service providers and ultimately citizens, and not be misappropriated or get misused along the way. This SA tool involves citizen groups in tracking how the local government and service providers actually spend funds, with the aim of identifying bottlenecks and/or leakage in the flow of resources, which can be money or other inputs (e.g. drugs, school books, construction materials). A PETS thus enables local government officials, service providers and ordinary citizen to understand their budget entitlements and to use these for the intended purpose.

In the case of ESAP2, at the national and regional levels, PETS are limited to understanding the amount of budget allocated to the Woreda, the actual transfers, and possible delays in the transfers. Box 1 explains the decentralised block grants system in Ethiopia, which is the main source of budget for the Woreda administration. Other sources of Woreda budget are internal revenue, community contribution and private donations. The latter two sources of funds are actually 'off-budget" and spending of these resources has proven difficult to track.

PETS sets out to answer the following questions:

- What are the service delivery objectives?
- What is the objective and scope of PETS?
- What is the amount of resources allocated (capital and recurrent) for service delivery, or for a specific part thereof (such as provision of books to schools, vaccinations to health centers, agricultural inputs to extension sites)?
- Do the funds and material resources reach the intended users?

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[2] In the Gregorian calendar this is 2013/2014 and 2012/2013 respectively.

- What are the processes and procedures involved in budget planning, allocation, disbursement, execution and evaluation?
- How efficient and effective is the budget execution process?
- What is the amount of money spent at each level and how?
- Is there any leakage or diversion of funds or other resources?
- What is the impact of the budget on the service delivery objectives?

Box 1: Federal Block Grants and Budgets in Ethiopia[3]

The block grant is allocated to every Woreda using a formula that is designed to give every citizen access to basic services. In accordance with international standards, the formula is based on the following variables: population size of the region; an expenditure assessment, which estimates resources needed to provide all people of the region with basic services; a revenue assessment (in other words an estimate of the revenue potential in the region, based on previous years' performance and divided per capita); and an infrastructure deficit index, which favors disadvantaged regions in terms of schools, health clinics, roads and other infrastructure.

There are two main budget and expenditure categories:

- Recurrent budget: to pay for expenses that are repeated every year, e.g. salaries for teachers, health workers and development assistants, offices' operational costs, medicines, books and electricity.
- Capital budget: to pay for items that last for several years, e.g. buildings, roads and water points. Maintenance and service provision will be in the recurrent budget.

The recurrent budget is financed in principle by taxation, and the capital budget is financed through external borrowing and grants from donors.

Regions have a monitoring and oversight role on Woreda budget, but **Woredas are the ones who decide the allocation and spending of their budgets**. One way to monitor the use of Woreda budgets is through Woreda Performance Agreements[4], which combine federal and regional development objectives with local priorities.

1.3 How are PETS conducted?

The ESAP2 SA Guide suggests that the implementation of PETS passes through the following eight phases:

- **Mapping the Resource Flow -** This phase calls for capturing the flow of funds and inputs, as well as the roles and responsibilities of various administrative units in the service chain and the budget execution processes.
- **Identification of Objectives, Scope and Actors** – Stakeholders agree what they want to find out, and why.

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[3] MoFED provides detailed budget allocations. The the 2013 Federal Government Budget Proclamation see: http://www.mofed.gov.et/English/Resources/Pages/Resources.aspx

[4] There was no evidence of such agreements, although the actual document used for this purpose might go under a different name.

- **Designing Questionnaires -** Questionnaires are designed so that truthful answers can be obtained. Data must be triangulated to ensure integrity, meaning diverse actors are interviewed on the same question.
- **Sampling and field testing -** The number of questionnaires and interviews depends on many factors, but in some notable PETS in Africa 25% of service units were surveyed. There will likely be more non-sampling errors, so it is very important to field test the questionnaires. This exposes enumerators to their work, and enables modification of survey tools.
- **Execution of the Survey** – Useful measures are random monitoring, surprise visits to facilities, check and recheck data at various sources.
- **Data Analysis** – depends on the objectives and questionnaire design, but it is important to present information in way that can be understood by citizens.
- **Interface Meetings and Dissemination** – Findings should enable dialogue between citizens and service providers to enable transparency and accountability, and work towards service improvements. Create opportunities for authorities to respond and listen to their grievances. Incorporate their feedback and any agreements that were in the final report and disseminate widely to support implementation of Joint Actions.
- **Monitoring and Institutionalisation** – Ideally citizens continue to monitor if local governments and service providers use PETS results, by making use of the various committees and meetings designed for such purpose. Internal government monitoring and external audits can also play a role to ensure that expenditures attain their intended purpose.

1.4 Purpose of this paper

Budgets are a vital instrument for policy implementation, and spending the budget well is an important precondition for the achievement of quality and equity in basic service delivery. This report presents the experiences that SAIPS have shared about their implementation of PETS. We highlight insights into the successes and challenges of PETS application, which aimed to achieve improvements in budget execution, and to bring about improved service delivery that responds to the needs of citizens.

The purpose of preparing these 'lessons from PETS cases studies' is therefore to share how SAIPS have used the PETS tool; to demonstrate how the PETS tool has helped to address budget execution issues, and to identify opportunities to scale up the use of PETS in the future. As such, this paper also intends to enhance the capacity of civil society actors to apply public expenditure tracking tools in their programming. We hope that lessons and recommendations we present will assist in supporting in the engagement of citizens in expenditure tracking in future SA interventions.

Table 2: Scope of the PETS interventions

Scope and level	Water	Education	Health	Rural Roads
Facilities	Rural water schemes	Primary schools	Health centres	Kebele network roads
Category of spending	Construction	Teaching materials, school maintenance, equipment, library, laboratory	Drugs	Construction
Source of fund surveyed	Woreda capital budget water sector and community contribution	Woreda operational budget education sector; school grant (GEQIP)[5]	Woreda operational budget[6]; 75% of internal revenues	Woreda capital budget; URRAP[7] and community contribution
Program or policy	Community managed projects	School grants (GEQIP)	Health care financing policy	URRAP
Geographic scope	5 kebeles in Jimma Raree Woreda	5 out of 38 primary schools in ESAP2 targeted kebeles of Walmera woreda	5 out of 9 health centres in Dandi Woreda	3 kebele roads in Lode Hetosa; and Tsigea kebele in Raya Zebo woreda
Key actors surveyed	Citizens, Community Water Committee, Kebele administration, WWO, WoFED	Citizens, Parent Teacher Association, school director and teachers, WEO, WOFED	Citizens, Kebele Health Board, council, WHO, WOFED	Citizens, Kebele roads committee, WRRO, WoFED, Zone and Region OFED

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[5] The school grant can be utilized for fencing, school beautification, maintenance and repair of classrooms, purchase of school equipment, materials and reference books, and fulfilment of laboratory facilities. The grant is intended to enhance education quality and it is not allowed to utilize it for running costs and class room construction, which are to be funded from the block grant. It is part of the General Education Quality Improvement Project (GEQIP) which aims to improve learning conditions in primary and secondary schools and strengthen institutions at different levels of educational administration.

[6] The health care financing policy allocates a fixed amount per year to health centers for medical supplies (i.e. 180,000 Birr). Officials interviewed Dandi Woreda are of the opinion that equal allocation is unfair, since health centers do not have the same coverage. For instance, Ginchi health centre services over 56,000 users, which is double the user range of 25,000 for which the 180,000 ETB is allocated.

[7] The Universal Rural Road Access Program (URRAP) aims to connect all Kebeles by roads of a standard that provides all-weather, year round access, meets the needs of the rural communities, is affordable and maintainable.

Chapter 2 Findings of the PETS interventions

2.1 Scope of the ESAP2 PETS interventions

The scope of the four PETS interventions, i.e. the type of facilities; the category of spending; the source of funding that was examined; the guiding program or policy; the geographic scope; and the key actors to survey, was all determined in coordination with the stakeholders and is summarised in table 2 (previous page).

2.2 Budget sources and allocation

The PETS identified a number of budget sources and accountabilities for the surveyed resource flows (see table 3). From the SAIP reports, it is clear that Woredas have various funding streams to manage for a single "project" or service, with some funds outside their direct control. Most resources reach the final service provider (e.g. the water officers, teachers, pharmacists, and rural roads officers) in kind, and in most cases the service providers are unaware of the specific budget details: they ask for supplies and materials and it gets provided by the Woreda, at times by the region (i.e. in the case of drugs). The school grant is the only exception: it is transferred directly into the school bank account.

Table 3: Resource flows, source of budget and accountabilities in 4 Woredas

Sector	Resource flow	Budget source	Accountabilities
Education	Schools request materials from the Woreda education sector	Operational budget	Woreda Education Office Kebele Education Board
	School grant, directly transferred to the school bank account	Separate donor funding line	School director Parent Teacher Association
Health	Drugs purchase facilitated by Woreda Health Office, and executed by the region	Operational budget	Woreda Health Office Kebele Health Board
	Health centre board can decide to buy from internal revenue	Internal revenue: max 75% for drugs	Health centre
Water	Zone responds to Woreda request for scheme construction	Capital budget	Woreda Water Office[8] Water Project Committee Small & medium enterprises
	Community requests their water committee to repair	Community contribution	Community Water Committee

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[8] All decentralized water supply development has to be financed from the Woreda block grant. Large water supply development projects are managed by the Zone or Regional level water supply offices without significant involvement of the Woreda Water Supply Sector.

Sector	Resource flow	Budget source	Accountabilities
Rural roads	WRRO requests Zone for consultant procurement for 'road surfacing and water structures'	URRAP fund and PSNP	Zone selects consultants; Woreda contracts; payments based on WRRO reports
		Capital budget for rural roads	WRRO selects SME and contract execution
	WRRO procures consultants for 'earth work'	Community contribution	Woreda account for small construction held by WOFED

Education - Schools are notified about their block grant allocation as per standard entitlements. Schools do not receive this budget, but rather send procurement requests to the Woreda. The Woreda officials explained that in certain cases they reallocate budget to benefit resource poor schools, taking from the share of relatively resource endowed schools.

The schools have full discretion to utilize the school grant for allowable costs through the school administrations and PTAs joint decisions. The PETS survey showed that school grants were released to the Woreda from Oromia Region and were deposited directly to the bank account of respective schools by WoFED, who books the transfer as an expense. In principle, school grants are determined by the number of students registered; schools receive 40 Birr per primary school student, 50 Birr per secondary students and 55 Birr per college preparatory student. The grants were fully received by the schools, but as observed from table 4, the actual per student budget transferred to schools in 2005 was less than the entitlement, while in 2006 it was well above the entitlement. Officials explained that the school grant is calculated by the region, and the Woreda redistributes it, considering internal revenue opportunities of the school.

Table 4: School Grant allocation and utilization (2006 and 2005 EC)

| Name of School	2005			2006		
	Allocated	Received	Budget/ Student	Allocated	Received	Budget/ Student
Menagesha Koloo	81,296	81,296	37.74	161,955	161,955	76.65
Barkume Bakaka	5,166	5,166	25.32	10,950	10,950	79.35
Wajitu Fiche	1,400	1,400	36.83	33,500	33,500	67.00
SokorruHawaso	21,725	21,725	33.37	44,565	44,565	78.74
Abba Walda Mariyam	20,972	20,972	36.16	40,545	40,545	72.27
Total	**147,649**	**147,649**	**36.09**	**291,515**	**291,515**	**75.00**

Health - In the case of drugs, budget allocation and transfer is interesting, because drugs purchases have recently been centralised in Oromia. This means that health centres do not actually receive the standard allocation of 180,000 Birr from the Woreda, which is supposed to be use freely according to the block grant and health care financing policies. Drugs procurement request, the bulk of the allocation, is forwarded to the Region, which has an agreement with the Pharmaceutical Facilities Supply Agency (PFSA). The funding flow is thus that the Woreda receives the block grant, and then pays the Region when the drugs are received by the health centre. Due to paucity of information, the health focused PETS did not look into details about the use of internal revenue of the health centres for drugs, or the in-kind donations like malaria and tuberculosis medicines.

Rural roads - The rural roads sector also deals with multiple sources of funding. The PETS found that "earth works" were managed from the Lode Hetoso Woreda budget, but the "construction and water structures" were contracted by the Zone in bulk for several kebeles. In the case of Raya Zebo Woreda, there were also roads constructed under PSNP. The Oromia Bureau of Finance and Economic Development (BoFED) was unable to provide data on budget allocated for URRAP road construction in 2002-2006 EC for Arsi zone. The ZoFED did have transfer and expenditure information from 2004 onwards, including Woreda specific expenditures, but it did not transfer these funds to the Woreda. Spending was done by the Zone, based on performance reports and requests of the URRAP implementing Woreda.

In the rural roads case study, there was also a funding stream from community contributions. Communities contributed to rural road construction, and all the funds are kept in one Woreda Rural Roads bank account. Although the kebele administration has a deposit slip, it is impossible to check if the community funds are actually used for the road for which they were contributed. Community contributions are in fact a form of off-budget tax, which is used for woreda priority construction projects. The community contribution is collected at the same time as the taxes, and it is not clear to citizens that their contribution for construction may be used for construction in another Kebele where the need is higher. Moreover, there is some kebele specific information in the woreda budget, but the zonal rural roads budget is not kebele specific as the rural roads are contracted in bulk. This situation makes expenditure tracking for rural roads a virtually impossible operation for citizens.

The overwhelming majority (92%) of respondents in Raya Zebo Woreda reported that they were not aware of the source of finance for rural road construction, and 88% of respondents were not aware of the budget and plans for new roads or road maintenance. MENA's survey in Lode Hetaso Woreda checked the respondents' awareness of budget allocated, transferred and spent, and an interesting picture emerged (see figure 2). Awareness in Aleko was much higher than in the other two kebeles. We may note that the rural roads-focused social accountability project was ongoing when the Aleko road construction started, while the other two roads were constructed before the ESAP2 intervention.

Figure 2: Citizen Awareness about URRAP budget, allocation and expenditure
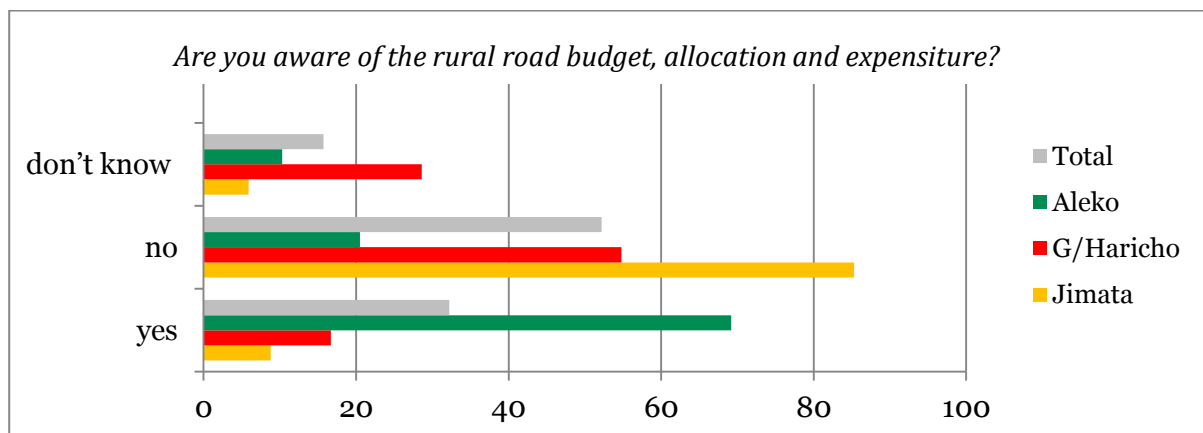
The main source of budget information was public kebele meetings (64%) followed by council representatives (24%). Only 3 respondents mentioned that the information was received through posting at Kebele office, and 3 others claimed to have received budget notification from the Kebele Road Committee.

Water - In the case of water, the total amount of Woreda budget for the water sector was known to the community, but during focus group discussions it emerged that citizens had limited information about budget allocated by the government to their water scheme, nor did they have any knowledge about the scheme design, standards and actual expenditures. As in the rural roads case, water point budget details are only available in contract documents. Citizens explained to HUNDEE that the budgets posted by the Financial Transparency and Accountability program (FTA)[9] are not specific about the location of the intended beneficiaries. They find it hard to take interest in the budget, as it does not provide information about the water scheme for their specific location.

2.3 Spending for the intended users

One of the objectives of PETS is to check if spend reaches the intended users. ESAP2 projects pay special attention to vulnerability and gender sensitivity of budgets. It was generally found that there was no clear approach and process to address vulnerability and gender. The assumption appears to be that the needs of vulnerable groups will be addressed together with the needs of other community members. In practice, large amounts of the block grant and health care finance budget are used for purchasing drugs related to children and maternal care. At schools female students and children of poor families are supported during enrolment. However, as long as the budget is not sensitive to gender and vulnerabilities, the spending also risks not being specific. Dandi Woreda officials stated that the development activities in the Woreda are planned *"all in one for all community members because it takes time to deal with specific issues due to resource limitations"*. There is a practice that all cost centres should allocate 2% of their annual budget for the support of PLWHAs. The Woreda also allocated a small amount of money for destitute persons like street children, elders, and poor families. In the health sector budget, some amount is used to provide free health care for destitute persons based on prior selection by Kebele officials. These expenditures were beyond the scope defined by SAIPs for the PETS.

Overall the block grant does seem to reach users, although not always the intended users. In the case of water for instance, a delay in budget approval by the Woreda council resulted in 100,000 Birr from the water budget (i.e. 28% of the total capital budget for the Woreda water sector) being reallocated to the education sector.

In three out of the four case studies, the SAIPs noted that service providers and/or citizens complained about the quality of goods that were received:

Education – In the case of the block grant allocation for schools, the Woreda Education Office (WEO) collects details of schools' needs regarding basic stationary and other materials to purchases in bulk. The surveyed schools observed the untimely purchase of materials, quality disparities between ordered and received goods, as well as discrepancies between schools' needs and the material provided. One Director observed: *"We have 20 teachers, but we received two packs of pens for the whole year, and we received it at the end of the year."*

The PTAs complained about the delay of school grant release, which is received in April rather than September at the beginning of the fiscal year. FTA explained that the delay is from GEQIP. However, once the funds are transferred into the school account, the

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[9] FTA is a sister program of ESAP2 under the citizens' engagement component of PBS. FTA works on the supply side to improve transparency and accountability, while ESAP2 works on the demand side.

director receives immediate written notification. WoFED has observed that school grants are not spent as expected. In the past, due to limited capacity of PTA members, certain school principals have reportedly misused school grants. These findings and subsequent warnings may have instilled reluctance to spend the school grant. In addition, the PETS survey in Dandi Woreda found that schools and PTAs were not clear on school grant management and struggled with procurement processes. PTAs explained that most companies do not want to submit a pro-forma invoice: *"they want to negotiate, or they give a higher price, because they think we are ignorant"*. For these reasons, all schools surveyed, except Menagesha Koloo school, were underspending the school grant, with Abba Walda Mariyam school not having touched the school grant for years.

Health – the health centers do not get all the drugs requested, and when drug are received they are often close to expiry date. We may note here that drugs can also be bought from internal revenue of the health centre, but there was no transparent accounting, so proper use of the revenue could not be verified.

Water – in some cases procured goods were found damaged, and the selection of the winning bid was based on the price without regard to competence and quality.

Rural roads - construction was delayed due to a variety of reasons, as show in figure 3. The two main reasons were lack of coordination and management of the process (52%), and a delay in payment (43%). Such construction delays often result in damage to the "earth work" that was already completed. Delays cause other inconveniences too, for example, in the case of the Ligaba to Sibu Abad road, Gura Haricho kebele, due to construction delays, road surfacing materials were stored on a farmer's field throughout planting season, and the community was forced to pay 9,000 ETB in compensation to the farmer who had missed a year of harvest.

Figure 3: Reasons for delay of URRAP project construction (n=120)
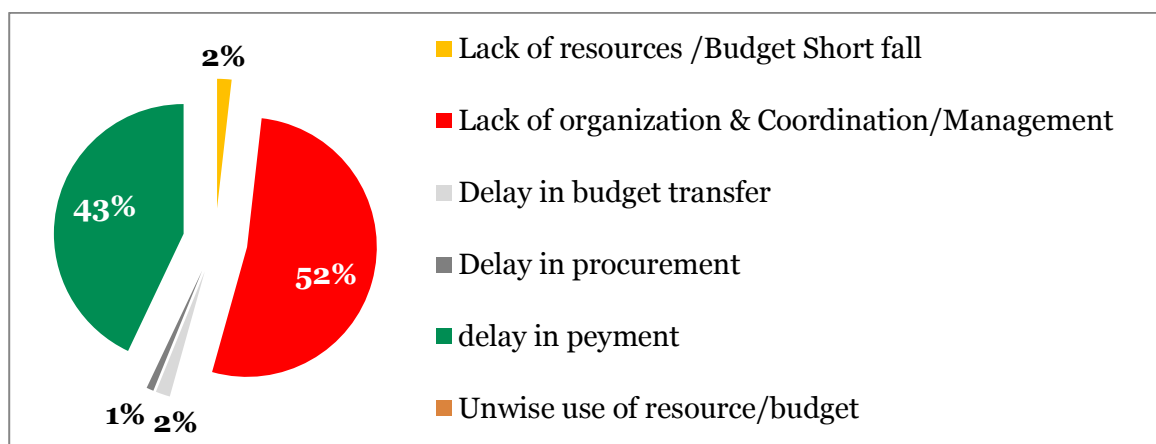
Delays in construction and the failure to consult the local community about the conditions of the land in the rainy season, causes many undue inconveniences for communities. In Jimata Kebele, road construction works that started four years previously remain uncompleted. During the rainy season, only the road through nearby Gura Haricho Kebele remains open, this means that the communities face higher transport cost and longer travel distances if they need to travel during the wet months.

The Gura Haricho Kebele road has its own drawbacks; the drainage and water crossing structures were constructed in such a way that it caused flooding onto nearby farmlands. Had the communities been consulted, these problems could have been prevented.

"Woreda officials and experts just informed us what we should do to contribute to the program. Our community has rich experience and local knowledge regarding the geographical set up and weather condition of the kebele. But during the planning and designing process of the road the community views, ideas and concerns were not considered. It could have minimized the adverse impact encountered during the construction and after construction." Focus Group Jimata Kebele

2.4 Community participation in the budget process

A lot can be learned from the processes and procedures involved in budget planning, allocation, disbursement, execution and evaluation. Here we highlight the level of community participation at various phases of the planning and budget cycle.

Education - Participation in budgetary and planning processes is done through the PTAs and the Kebele Education Board in the education sector and through the Kebele Health Board in the health sector. Sometimes these structures get inputs from the 1-5 mechanism[10]. Regarding participation in the water sector, the PETS report from HUNDEE notes: *"Although the government bodies claim to involve community representatives, what they actually do is consult with the Kebele administration and council members. Another form of community participation that the Woreda officials usually talk about is the community contribution in labour, cash and materials. While these contributions are necessary, they are not empowering, as communities are not consulted about their ideas or involved in decision making, which would generate a sense of ownership."*

Rural roads - The rural roads survey results confirm this trend. In the case of Lode Hetosa Woreda, a majority of respondents (89%) claimed to have participated, but when asked in which activities, it was mainly resource mobilisation to finance the project (see figure 4).

Figure 4: Community participation in rural roads
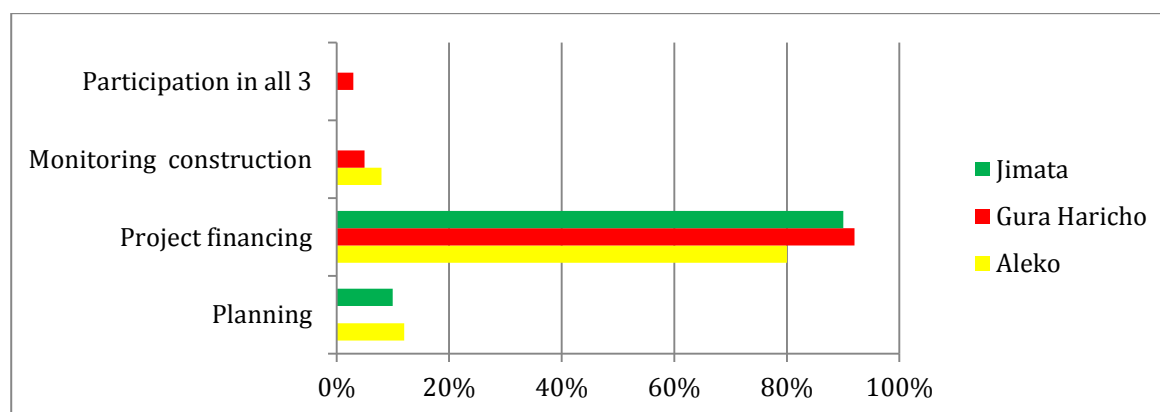
When we dig further into MENA's data, we see the nature of participation in project finance and resource mobilisation (see figure 5). MENAs report explains: "Giving cash contributions are higher than any other forms of participation, while the amount varies from Kebele to Kebele. According to the interviews with community key informants, the amount of cash expected from households is decided by the Woreda council, and is based on the amount allocated to the specific road from the Woreda capital budget and the

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[10] Households are organised in groups of 5, and a representative of 5 such groups has a representation with the kebele administration.

MDG budget. The amount of budget levied on each Kebele also differs based on their relative income or productivity of their farm land within a given harvest period. The amount of cash collected from the community per household was 300 Birr at Jimata and Gura Haricho, and 200 Birr at Aleko. The fact that Jimata households contributed the highest amount may explain their exemption from labour contribution.

Figure 5: Nature of community contribution in URRAP

	In kind	Cash	labor	all the three
■ total	3.2	72.8	13.7	10.3
■ G/Haricho	0.0	48.7	20.5	30.8
■ Aleko	0.0	79.5	20.5	0.0
■ Jimata	9.7	90.3	0.0	0.0
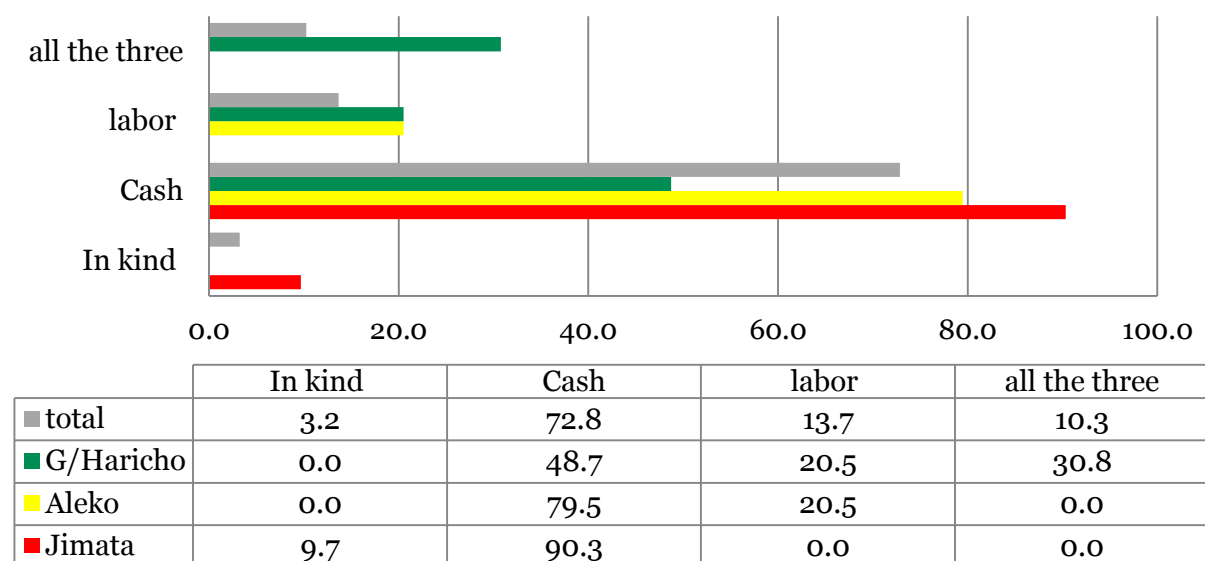
2.5 Budget execution processes

When it comes to budget execution processes, the PETS exercises observed a difference between the execution of funds that came from community contribution, capital budget from the block grant (which is under the direct responsibility of the Woreda), and dedicated resources such as URRAP (which are the responsibility of the Zone or Region). Community contributions are deposited into a single Woreda account, and they are used for a variety of projects, not necessarily the project people think they are contributing to when they pay the community contribution together with their taxes. The woreda budget does specify the project to which the capital fund will be dedicated (e.g. rural road), but spending is not communicated to the communities. The woreda has no spending information regarding the URRAP funds.

With regards to budget execution procedures, each sector has its own distinct rules. Below are some of the procedural issues the SAIPs highlighted in their rapports:

Education - Schools have a treasurer (a member of PTA), who reviews, verifies, comments and authorizes financial activities. Money is collected and paid using standard vouchers with due authorization and approval processes. Receipts from community contribution are deposited to the school bank account by the cashier. All moneys collected have to be deposited into the school bank account first, before they can be used to pay for goods or services the school might need. PTAs are responsible for grievance handling, but they do not use suggestion boxes or opinion registers, which only exist at the Woreda.

With the ESAP2 social accountability interventions, PTAs asked for advice from WoFED on how to go about pro-forma invoices and how to manage the petty cash, so they can now spend the grant wisely. An improvement in spending was achieved with the following results across the board:

- School security enhanced with improved fencing and beautification;
- Classrooms repaired and school equipment such as computers, desks, science kits, laboratory facilities acquired and put to use;
- Reference books purchased and made available for students;
- Better leaning-teaching environments created with relatively comfortable seats and classroom organization;
- Improvements in student desk ratio, student class ratio, student teacher ratio, student book ratio; and
- Access to education for poor families ensured, especially for girls (see box 2).

Box 2: If I would have had 16 Birr to pay my school fee...

W/ro Gete is a member of the Menagesha Koloba School PTA. She is a house wife and extremely regrets her lack of opportunity to go to school. During the PETS discussions about the importance of the School Grant in contributing to student enrolment, she shared her personal experience. She was forced to stop her education because she could not pay the education development fee of 16.00 Birr. She believes that if she had had the money and the chance to continue her learning, she would not have remained a house wife as she is now. She added that the school grant has enabled poor girls to enrol: *"Parents in Menagesh Kolobo were inclined to pay school fee for boys and keep the girls at home, but the school grant facility has broken this blockade."*

Health - The health sector office is expected to submit a quarterly work plan to WoFED based on the approved budget and preparation of bids, in this case for the procurement of drugs. WoFED confirmed that the financial procedures in connection with budget release are adhered to by all concerned bodies. Adherence to mandatory financial procedures is strictly followed up by WoFED. Once the prerequisites are fulfilled, funds can be released by WoFED. As part of the efforts to provide transparent service delivery in Dandi Woreda, drugs prices are listed and posted for the users in all health centres.

Health officers in Dandi Woreda reported a critical shortage of funds for drugs at all health centres from July to September, adding that internal revenue was insufficient to cover the resource gap. While the budget year begins on 7 July, budget approval by the council was delayed until September. The delay resulted in conflicts with health care users who faced extra costs (drug purchased from private clinics are more expensive), and it led to community dissatisfaction with the health care services. While Woreda officials argued that funds can be advanced temporarily, pending budget approval by the council, the experience of the health officers at the surveyed health centres showed that this was not practiced. Despite such delays, budget utilisation data showed that the health centres utilised 94 to 100% of their drugs budget, except for Galessa, which spent only 60% as the health centre is new and started operation late in the year.

Water - HUNDEE noted that procurement and spending by the Community Water Committees in Jimma Raree (appointed by the local government to mobilise local resources and to manage the water scheme after completion) was done without any guidelines, although procurement support from the WWO was evident. Procurement by the Water Project Committee (appointed by the Woreda administration to manage and supervise the construction of a new water scheme) was in line with government procedures, although some goods were reported damaged on arrival.

Rural Roads – present a similar was similar, with the community contribution managed "off budget" and the capital budget (where relevant) managed by the Woreda in line with procurement guidelines of the government. The "construction phase" however was managed from the Zone, which selects construction and consultancy firms for URRAP, while contractual agreement is made at Woreda level. In Lode Hetosa Woreda, a single construction firm was assigned to work on 19 project sites in the 2002-2006 EFY, with the budget allocated, transferred and utilized as a grand total. Advance payments were made at the Woreda level, and the remaining payment was effected by the zone, based on a report received from WRRO.

2.6 Budget control

The PETS case studies included several references to the way budget oversight is carried out:

Education - The accounts and books of schools in Wolmera Woreda are audited by WoFED upon request from the Woreda Education Office. The travel allowances of the WoFED auditors are supposed to be covered by education office. Audits are carried out in selected schools based on risk levels. It can take 3-4 years before an audit is organised, because there are not enough auditors. School supervision focusses and the teacher learning process, and does not review budget use. Due to the lack of regular auditing, both service providers and service users observed the potential for resource embezzlement in some schools.

Health - The PETS in Dandi Woreda, which examined the drugs procurement for health centres, presents details of a range of control mechanisms that are used, including internal and external audits and monitoring practices for all budget holders:

- The Woreda Project Monitoring and Evaluation team undertakes regular performance assessments, by comparing the plans with achievement. The team consults community members on their level of satisfaction with the health services.
- Budget utilization is controlled by WoFED, which routinely reviews documents and physically observes facilities, with formal health sector auditing done twice a year.
- To facilitate effective service provision within the allocated budget, the Budget Standing Committee of the Woreda Council assigns members to clusters[11] for regular and ongoing assessment of budget utilization. They gather service users and providers to discuss the service performance, including health services.
- The health sector assigns focal persons to health centers to supervise service delivery, and to encourage service users to demand satisfactory and quality health service from health officers and health extension workers in line with the government strategies. This is reportedly part of the government's good governance promotion effort.

Water – The PETS in Jimma Raree Woreda found that WoFED takes responsibility for document reviews and the physical observation of capital expenditures in the water

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[11] Woreda sub-divisions for facility supervision

sector, but there are no timely audits, due to the high demand for audits and the limited number of auditors in WoFED.

Rural Roads - URRAP guidelines require an evaluation of resource utilisation and expenditure. Communities in Lode Hetosa Woreda were asked if such an evaluation was conducted and the results shared. Of the 36 respondents (30%) who were aware of such an evaluation, 11 said the results were shared. There seems to be no sustainable approach for managing rural road maintenance, thought 10 people replied there is such an approach.

2.7 Grievance Redress

Grievance redress is the timely and appropriate response from a concerned body to address complaints or problems of the community.

Education - One of the PTAs in Dandi Woreda intervened in the construction of a classroom with money from the block grant, because the construction did not meet basic quality standards. The PTA submitted a complaint to Woreda Education Office.

Health - There is a Grievance Handling Committee in Dandi Woreda that collects community complaints and provides feedback. Feedback is provided at community meetings and during regular review forums of the government bodies. Key informants indicated that suggestion boxes, opinion register book, feedback from cluster focal persons, and personal contacts with community members are used to discuss community complaints, provide feedback or take action. The monitoring and evaluation checklist of the Woreda Health Office includes grievance handling to address community complaints.

Rural roads - in Raya Zebo Woreda, the majority of respondents (74.4%) noted that they have a means of submitting their complaints regarding the service rendered by the rural road development. They use three ways to file a complaint:

- going in person, at times together with neighbours, to the sector's service provider department
- going to the Iddir, women and youths associations or similar social institutions
- going to the kebele and woreda council

Among respondent who reported that they did not complain or demand for better services, 63% feared that pressure would be created on them, while 22% believed that they would not get a response to their complaints, and 11.5% reported that they don't know how to present their complaints. The response time experienced by respondents is presented in table 5, with more than half stating they never received a response to their complaint.

Table 5: Time to satisfactory response to a complaint in Raya Zebo Woreda

Time	Count	%
7 days	11	5.5%
15 days	13	6.5%
21 days	23	11.5%
30 days	39	20.0%
Never got a response	112	56.5%
Total	**198**	**100%**

During the interface meeting in Lode Hetosa Woreda, the community noted the following case that had already been brought to court before the SA project started. The community stopped the work of an SME contractor, because it was a teacher without qualifications, working under the licence of a friend in the construction business. According to the policy, an SME that qualifies for road works has to have at least two engineers, but this was clearly not the case. The contractor was close with the WRRO head, and managed to receive payments, although the work was never completed. The Zone, the new WRRO head, and the Woreda Administration agreed to investigate the matter and, if necessary, support the court case.

Box 3: Community revenge

Two colleagues of the ESAP2 Management Agency were on a monitoring visit when their car got seriously stuck on a rural road that had just been inaugurated the week before. The community came to the rescue, hoping to gain a few Birr in the process. While the work was ongoing, a Toyota Highlux approached with high speed. One of the MA colleagues signalled the vehicle to slow down, but the community members said: let it go! Shortly after the Highlux also got stuck in the mud that was hidden under a pool of stagnating water in the middle of the poorly constructed road. The diver called on the community members to come and help, but they replied: "Can't you see that we are already busy?" To the MA staff they whispered that the wife of the contractor was in the vehicle, and as the road was so poorly constructed, they thought it only fair to let her suffer the consequences of her husbands' work for some time. "It is the only power we have", they added.

2.8 Interface meeting and reform actions

The following overview gives an insight into the issues that were raised by citizens in the interface meetings. Where relevant, sector specific issues are noted.

- **Community participation** - It is not enough to consult the kebele administration and council when drawing up the service delivery planning. There are diverse needs and experiences in the community that should be heard to ensure that plans and budgets are more responsive. Citizens called for more effective involvement from the start of construction projects, and for better functioning of local committees which are often established by the administration rather than the community. Citizens called for representation of different segments of the community, and showed their willingness to be more active in resource mobilization and more vigilant in monitoring if called upon.

- **Community resource mobilization** – Citizens called for the development of systems that allow government to be transparent about how funds contributed by the community are used in construction projects, how projects are prioritized over the years, and how maintenance is organized and funded.

- **Budget allocation** – The woreda does not receive a budget ceiling during planning time, and this seems to create tension between local demand and actual response. This goes for small budgets, e.g. the operational costs of a school, as well as larger investments like water points. There were no obvious local solutions to this issue, but what could help is for the Woreda to better explain why certain investments have been prioritized over others, and to provide a multi-year perspective to investments. This way, citizens can understand for instance how their contribution for rural roads this year will go to which road, and when it will

be their turn to get a road. In the case of smaller expenditures, for instance school operational costs, it may be possible to introduce quarterly budget based procurement after budget appropriation by the council, using a standard price list for stationaries that is based on quotations collected by the woreda. The latter might also work for drugs procurement.

- **Budget transparency** – More needs to be done to give citizens insight into budgets for specific projects in their location. Citizens find it difficult to take an interest in the budget, because it does not give location-specific information. During budget execution, more needs to be done to share basic budget information from contract documents, and to regularly share revenue and expenditure situations of the facilities with the community.

- **Budget delays** – Reasons for budget delays were identified during the PETS implementation and service providers and the administration pledged that they will closely follow-up so that future delays can be avoided or measures taken in case of delay. This requires a better process flow, with clear communication about deadlines. For instance, it is unacceptable that health facilities do not know when a new supply of drugs can be expected to arrive from the region, and that the Woreda pays for the delivery of drugs without knowing what has been delivered. Councils now better understand the problems caused by delays, and will take their responsibility in terms of timely approval of allocations.

- **Budget utilization** – The PETS process showed that with minor guidance, participatory structures like PTAs, Community Road or Water Committees, can better assist in spending local budgets in line with the community's priorities. For instance, underspending of the school grants was due to the PTA not fully understanding the rules for spending. Once the rules were clear, the grants were used in response to school needs within a few months.

- **Quality of services** – Citizens and officials agreed that drugs and materials that do not match the requested specifications should be rejected. In some cases service providers need orientation on developing proper specifications / procurement requests. Zonal and Regional procurement information should be shared with the Woreda and relevant sectors for information and follow-up.

- **Grievance redress** – The Woreda grievance redress committee is too far for easy access by citizens. Citizens need better guidance on grievance redress at facilities at kebele level, and facilities/service providers should organize better responsiveness to grievances.

- **Audits** – There is a high demand for audits, but there is only a limited number of auditors who can deal with this demand. There could be more transparency on budget utilization, so that citizens can put pressure to overcome budget management issues and utilization gaps. Citizens can also help to identify 'high risk' projects, so that audits are properly prioritized.

Chapter 3 PETS Implementation Lessons

In the subsequent paragraphs, each step of the PETS process is briefly reviewed in terms of implementation challenges and lessons.

Phase 1: Mapping the Resource Flow

This step calls for capturing the flow of funds and inputs, as well as the roles and responsibilities of various administrative units in the service chain and the budget

execution processes. The first step is to establish the origin of funds to track, there may be several sources in some cases). Secondly, establish whether the funds to track are cash or material form (e.g. textbooks, drugs). Finally, identify all administrative levels through which funds flow to reach their destination. What is the process of receiving cash or inputs? What documentation is kept in the process? Where may things go wrong?

While SAIPs managed in general to collect this information, they were not always able to present this in an organised way at the start of the process. The mapping of the resource flows could have helped the various stakeholders, citizens and service providers to analyse the flow of funds and materials in a more systematic way. As an example, a resource flow map has been developed based on the information collected in the water PETS (see table 6). The table also indicates relevant documents that might be collected in future (where available), and questions to explore during the PETS.

More adequate initial mapping could also have enabled the exclusion of resource flows that are not decentralised. In the case of MENA, more focus could have been given to what actually happens with the community contribution for road construction, or to the "earth works" which are fully funded by the Woreda. PETS was observed to be more appropriate for citizens' engagement when it is focused on specific issues of basics services such as drug and school grant budget rather than examining the expenditures of the whole sector budget of the Woreda.

Phase 2: Identification of Objectives, Scope, Actors

Through the use of the CSC or CRC tools, specific issues for PETS can be identified by the stakeholders. The empowerment of citizens and engagement of service providers will already have started, a productive relationship between service users and service providers has then been created, and service improvement results will already have been achieved. This will facilitate openness of officials towards PETS implementation. MENA and PDN/OSD started with PETS and it was more challenging to get support from officials. We therefore find that PETS works better in combination with other tools.

Although the PETS-implementing SAIPs were relatively clear about what they hoped to find out (see table 1 – reasons for using PETS), it was not easy to develop a sense of ownership among service providers. The SAIPs did not have previous experience with PETS and might not have been able to imagine what the process and its results could be. It proved helpful to collaborate with FTA, as these officials know all the ins and outs of the government's financial and procurement systems, and know where bottlenecks may occur.

MENA took an interesting approach to PETS process facilitation. Together with the Social Accountability Committee (SAC)[12] and Woreda Officials an Advocacy Team was formed. This team had 7 members from local communities, Woreda Rural Roads Office (WRRO) and Financial Transparency and Accountability (FTA), and the Advocacy Team worked to organize the PETS process and community participation in it, to obtain access to information, analyse the findings, and present them at the interface meeting for dialogue and the formulation of actions. This approach worked well as it showed citizens the political commitment to investigate rural roads expenditures. Through the Advocacy Team, there was a sense of involvement of all stakeholders in PETS process.

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[12] The SAC is established at the start of a social accountability process, and brings the three local governance actors together in one body to improve accountability and governance relationships. Citizens are in the majority, and typically represented by CBOs, including those representing vulnerable groups.

Table 6: Example of resource flow mapping for the water sector

Flow		Relevant documents	PETS questions
Woreda sector planning and budgeting with inputs from Kebele Administration and Kebele Council		Feasibility study Records of kebele consultation meetings	How did the community request for the water point?
BoFED allocates Block Grant to the Woreda	Woreda collects local taxes	Block grant notification letter Tax records	How much money was allocated from the block grant, from internal revenues?
Woreda Council approves allocation		Council meeting records	What did the council decide regarding community contribution?
Budget posted by FTA and shared during Kebele council meetings		Woreda budget	What is the water sector budget, and what is the specific budget for the water point?
Local government appoints Community Water Committee (CWC)		Roles and responsibility guidelines for the CWC Appointment letter	Is the CWC transparent and accountable to the community?
Community contributes money to CWC		Receipt vouchers Receipt account book Bank deposit slips Bank statement	What has the community contribution been spend on?
Woreda Administration appoints Water Project Committee (WPC)		Roles and responsibilities guidelines for the WPC Appointment letter	Is the CWC transparent and accountable to the community?
Procurement by CWC without guidelines, but with support from the Water Sector Office	Procurement by WPC according to government procedures	Procurement guidelines Contract documents Bid documents Contract agreements	Is the community involved in critical decisions about the scheme? How was the procurement process? Does the community know the grievances redress mechanism?
	Document review and physical observation by WOFED	Procurement documents Official receipts	
Implementation, preferably by small and medium enterprises		Implementation reports	Is the community involved in progress monitoring?
Monitoring by WPC, and by focal technician from the Woreda water office		Monitoring reports	
Money released for contractor payment based on request from Woreda water office		Payment request report Contractor invoice Payment voucher	Has the water point been developed according to the specifications, within budget, and is it functioning properly?
Audit by WoFED		Audit report	Have the audit findings been shared with the community, and has corrective action been taken where necessary?

Phase 3: Design of Questionnaires

MENA and PDN/OSD developed household questionnaires, and conducted key informant interviews, while HUNDEE used FGDs and key informant interviews. The FGDs were a mix of service users and service providers, because they also served to inform citizens and raise their awareness about budget and expenditures. It may have been more appropriate to have separate groups for service users and providers, as there may be issues that people and officials do not want to reveal in front of each other. In the case of PETS, to get truthful answers it is best to use data triangulation, where diverse actors are interviewed on the same question. The triangulation was not prepared in a structured way. The resource flow map developed in phase 1 should guide the design of questions and the identification of informants who can answer the same questions so that information can be verified (see the example in table 6).

The PETS facilitators tried to ask the users about the service they obtained and their level of satisfaction, to reconcile data from WoFED and sector offices as well as service providers in the facilities.

In all cases the community awareness and participation on budget flow proved to be very poor, so the information from the general community was focussed on their participation, resource contribution and quality of services. To get access to expenditure information, purposeful selection of key informants and verification of accounts and stock records, are more relevant methods than household questionnaires.

The questionnaires designed by the SAIPs with support from an external consultant upon request were fairly broad and general, which initially made it difficult to come to relevant findings. The PETS manual has very simple and specific sample questions focused on a very specific fund flow, e.g. the construction of teacher houses (see box 3). HUNDEE's experience shows that this level of survey is more appropriate for PETS in future: the drugs budget, the school grant, a water project, and rural roads work that were funded from the community contribution are good examples of instances in which PETS can be manageable for citizens, and can lead to practical improvements.

Box 4: PETS for construction of teachers houses

Let's say, you want to know whether or not the money allocated for construction of teacher houses in a Woreda was properly managed, the sample questions would be:

- What were sources of funds?
- What was the amount of funds allocated for construction of the houses?
- What was the actual amount of funds received?
- When was the money received? And how?
- How many teacher houses did the Woreda plan to construct? And where?
- How was the procurement process?
- How many houses were built using this money?
- How was the money spent and when?
- What was role of different stakeholders in construction process?
- How do the houses benefit the teachers? Get feedback from teachers?

The interviewees would be Woreda education officials, construction firms and/or community members involved in the construction, head of the school, PTA, students, and teachers.

Phase 4: Sampling and field testing

Appropriate sample sizes were determined for household surveys in the case of rural roads. The other sectors did not conduct household surveys, but rather used strictures focus group discussions.

Phase 5: Execution of Survey

The complexity of design, implementation and subsequent analysis of PETS may have been underestimated by SAIPs as well as the MA. It was helpful that an external consultant provided support. Along the way, objectives could be clarified, and hands-on support was provided to the process. This ensured that the findings would subsequently feed into a reform agenda for service delivery.

The major challenges faced during PETS exercise were:

- Paucity of data on government budget allocation and sources of funding;
- Communities lack of awareness on the budget allocation process, procurement and utilization status; and
- Lack of complete documentation on budget movements and of records on in kind resources.

Phase 6: Data Analysis

This is the output stage, when all collected data is consolidated and analysed. There was not much data collected on actual expenditures, mainly qualitative data, and the data triangulation was not always clear planned for. In the cases of MENA and OSD no gender analysis was carried out, although the data was collected in a gender-disaggregated way. It may have proven interesting for the community and service providers to delve into gender differences in the responses.

Phase 7: Dissemination and Interface Meetings

In each case several issues were brought to the interface meeting for a dialogue between citizens and service providers about improvements in public spending for quality services, and some agreements were reached (see 2.8 for a summary of the issues raised by citizens).

Phase 8: Monitoring and Institutionalisation

PETS initiatives, especially those that arrive as one-of experiments will serve little long-term purpose unless implementation is followed through on a sustained basis. Ideally, citizens monitor if local governments use results from expenditure tracking to initiate reforms in public expenditure management. Tracking exercises institutionalised at the community level can also be linked with participatory planning and budgeting of services.

Institutionalization of PETS can take a variety of forms depending on local circumstances. Some models can be:

- independent civil society organizations undertake the initiative in partnership with external organizations (Uganda)
- governments monitor their own performance as part of ongoing public sector reforms
- an oversight agency such as the Auditing Bureau undertakes the initiative to monitor flow of public money.

Chapter 4 Challenges and Recommendations

SAIP expertise - The implementation of a Public Expenditure Tracking Survey is a technical exercise, and not all SAIPs have the in-house auditing and research capacity to support the exercise. Despite support from an external consultant, it proved very difficult for SAIPS to obtain access to and study required documents and records. SAIPs were not always clear which documents to ask for, or what to look for if records would have been provided. Nevertheless, the four PETS that were implemented did identify bottlenecks and some system improvements were agreed during interface meetings. More importantly, citizens were empowered through the exercise, and their increased vigilance and demand for more transparency will certainly help service providers in future to make the most of the resources provided.

For future use of PETS by CSOs in Ethiopia:

- Focus - Use PETS after citizens have expressed concerns about expenditure or quality of goods and services during the CSC or CRC tools. PETS benefit from the good relationship among citizens and service providers that develops during CSC and CRC.

- Keep it simple – Involve WoFED/Public Finance Management committee in checking that the selected PETS objective concerns a decentralized funding stream for which the facility, Kebele and/or Woreda are accountable. PETS is difficult for citizens, and requires SAIPs to cooperate with the local government to develop a flow map (see table 6 for an example) of the fund for which expenditures will be checked before engaging citizens in the process.

- Know the policies – For instance, is the Woreda allowed to redistribute the school grant allocation based on internal revenue capacity of schools? Note that regions often have room to adjust federal policies to their situation.

- Verify expenditure documentation – Ask service providers and WoFED to show store records and accounts. Do a random check on availability of items in the store, or receipts for certain expenditures. Take an interest in contract documents (for bidding) and ask WoFED/PFM to summarize the budget information for use by citizens.

- Sustain the effort - One PETS is usually not enough to make sustainable changes in public spending procedures. Involve the participatory sector structures, community management committees, and facility management boards in the PETS implementation, because it is an educative and empowering experience for them. This involvement also builds capacity for subsequent PETS to check that spending habits and processes improve over time.

For institutionalisation of citizens' engagement in public expenditure tracking:

- **Community participation** – Is more than community contribution in financing, labor and materials. Water and Rural Roads Offices in particular could benefit from simple guidance on more empowering forms of involving citizens in the realization of community and kebele projects. The PETS clearly showed that there is room for improvement, in start-up, progress monitoring, assessment at completion, and development of maintenance mechanisms.

  Government has structures for community participation, but PETS found that these are not functioning in cases where government appoints people to these structures: citizens perceive these structures to belong to government. Much can be learned from the SA experience in terms of mobilising vulnerable groups and CBOs that can truly represent the diverse views of communities, and mobilise citizens to support

government in the realisation of construction projects and service improvement objectives.

- **Community contribution** – Local governments would gain a lot of trust with citizens if they could properly account for the spending of, often substantial, sums of community contribution for construction projects. As one of the SA innovations under the bridging phase, FTA and ESAP2 might be able to test simple measures that enable pilot kebeles and woredas to be accountable for spending of community financial contributions. Since community contributions are collected with the revenue, the exercise could be expanded to include transparency about internal revenues.

- **Qualities of goods –** Service providers and citizens alike have observed that goods are not received as per the request, and are often delayed. In part this can be explained by the fact that requests are not made within the context of available budget. Moreover, there seems to be poor documentation of procurement processes at facility and woreda levels. Proper procurement request and receipt reports would allow woredas to procure in response to local needs, and would allow service providers and participatory management structures to check that the facility has received what has been requested.

- **Budget transparency** - Although the woreda budget is posted in all woredas, the PETS revealed that citizens find it hard to take an interest, because the budget is not specific about where the capital budget will be spend, and for what. The PETS experience suggests that at this stage of financial systems development and CBO capacity, expenditure checking by citizen will work best for kebele facilities or project specific investments. If citizens know the budget for a construction project, e.g. through a summary of the contract documents by PFM, they can more easily hold local government to account for proper spending. In a similar vein "citizen's charters" might work well for citizens understanding of entitlements in terms of the school grant, and construction and maintenance of rural roads and water schemes.

- **Regional and decentralized funding streams** - The capital grant is at times used to complement regional sources of funding, especially for water and rural roads projects. In this case, the total budget for a given project site is not clearly known at woreda level, and this make social accountability a difficult and frustrating activity for citizens as well as service providers. While WoFED is stakeholder of URRAP and water projects, the office does not have complete budget information. It would help citizens' engagement if the woreda is at least aware of the total budget, and can clearly specify what is accountable for. Woreda accountability should include: the approved capital budget, the local taxes that can be invested by the woreda, and community contribution. A directive in this area would help citizens to hold government to account for spending.

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