

Effectiveness of Fund Management at Local Government Bodies in Nepal

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Abstract

The study has examined the effectiveness of fund management at local government bodies in Nepal. Many problems could be observed at the local level government units, in terms of management of fund, lack of capacity, lack of elected representatives at grassroots level, political transition, lack of capacity to use information, and weak institutional mechanism.

The study reports that the data on fund utilization should be easily available and comprehensible to the general public so that people can extract data, compare them, analyze them, and use them as per their needs. The study further highlights that the government need to focus on adequacy of the fund, proper mechanism of budget spent, and enhancing the efficiency of financial planning and budgetary process at the local level. To upgrade the credibility of the budget at the local and central government units, some measures need to be considered, for example efficiency of Municipality in delivery of service need to be strengthened, level of development work need to be visible enough.

Key Words: Development, Fund, Mobilization, Credibility and Efficiency

I. Contextual Background

The need for local capacity development is crucial, in the context of speeding progress toward the achievement of the local level development objectives. The greater the stakeholders are competent of formulating, implementing and monitoring suitable policies, plans and programs, the more the chances of attaining development objectives,

either at the central or local level. When stakeholders and practitioners at the local level can independently handle the planning and implementation tasks, both efficiency and effectiveness of development efforts could be enhanced.

It is crucial to explore if the development fund is allocated in right sectors, and if it fits in with other resources, and if it is hitting the areas that needs the most. There are certain areas where the local government body needs to improve, especially to learn if the fund is mobilized where it is meant to, and what has been its implication and impact in the community. Ministry of Finance in collaboration with the ministry of local development can take steps to improve the quality and timeliness of reports on fair and sustainable fund management system.

As per the record of Social Welfare Council (SWC) there are more than 235 INGOs in Nepal and the database shows the expertise that each of these INGOs has, so as to find out uniqueness of all the INGOs. There are many INGOs working at the district level, but their coordination with the local body remains very weak. There is duplication of activities in the absence of appropriate cooperation and collaboration. So the duplication of activities at the local level needs to be examined and addressed appropriately. District Development Committees (DDC) needs to be able to point out problems of the region as well as VDCs at the local level regarding the utilization of development fund. If this kind of information is available, local development programs can be made more effective.

II. Statement of the Problem

While observing at the local level government units, there are many problems in terms of management of funds by local government bodies which include lack of capacity, lack of elected representatives at grassroots level, political transition, lack of incompatibility of

data and inconvenience of comparison, lack of capacity to use information, weak institutional mechanism and weak policy making capacity.

It can be further noticed that there is a lack of accountability and transparency, there is absence of ownership, lack of leadership in local government body, poor top-down planning and budgetary process, minimum involvement of stakeholders and general public, poorly functioning system, dysfunctional and underpaid local civil servants and loose supervision, monitoring and evaluation are some of the issues in fair and sustainable fund management system between the central and local levels. Hence, the current study would attempt to redress on the aforesaid issues.

Corruption distorts resource allocation and government performance either at the central or local level. The causes of its development need to be examined. Weak policies, programs and activities, failing institutions, poverty, income disparities, inadequate civil servants' remuneration, and a lack of accountability and transparency are the major causes of corruption at the local and central governmental level.

To sustain a fight against corruption the focus need to be granted an economic and social progress, the rule of law under good governance, democratic values, and strong civil society in various forms and at various levels.

III. Rationale of the Study

Limited research has been carried out in Nepal regarding management of Fund by local government bodies. Hence, exploring its current status is considered an essential for the identification of issues and opportunities at the local government bodies. It is believed that with their recognition suitable strategies towards the mechanism for efficient

management of funds by local government bodies can be devised which would be great importance.

IV. Objectives of the Proposed Study

The broad objective of the current study is to examine the effectiveness of fund management by local government bodies in Nepal, especially funds generated at the local level and granted by central government. The study would further examine the fair and sustainable fund management practice at the local levels.

Specific objectives of the study include following:

1. To examine the status of local level development and contribution in terms of efficiency and credibility of the budget.
2. To explore the financial transparency, participation and effectiveness of local development funds.

V. Conceptual Framework and Literature Review

In Nepal, financial scope of the work of the local bodies is only 1.48 percent of the total domestic production and 7.52 percent in total public expenditure and remaining expenditure is still under the central government, moreover, in Red Book (Budget) of FY 2063/64 B.S shows that the allocation for the local bodies is only 4.28 percent of the total national budget. As compared to other countries, the position of the income of Nepal for local bodies is very low and the grant amount provided to them is also equally insignificant. (ADDCN, 2007).

The Local Self-Governance Act (LSGA) has granted VDCs, municipalities, and district development committees (DDCs) higher political, administrative, and financial powers to

lead, facilitate, and manage local affairs. As stated by Bhatta (2011) LSGA adheres to the district as a primary unit of local government. But the various districts, which differ widely in size, are not designed as economic units or to provide services to citizens efficiently and effectively; they were set up more for law and order and administration.

It can be noticed from the Public Expenditure and Financial Accountability (PEFA) report that significant progress has been made toward a sound policy-based budget with the adoption of the Medium Term Expenditure Framework (MTEF) and the creation of “business plans” for several sectors. But following gaps were identified in management of funds at local and central level (i) lack of engagement of political leadership on MTEF and budget preparation (ii) inadequate engagement or understanding of MTEF among middle and lower-level government officials (iii) uneven linkages between annual budgets and MTEFs and (iv) incomplete sectoral “business plan” (in need of stronger monitoring of outputs), (Ministry of Finance, 2008).

In line with the above issues on fund management system at local development bodies, it can be observed that the ‘Nepalese system’ practiced till today is under the central unitary state system. And so, lack of local level participation is apparent. Decentralization depends on the will of centre. And there may be a de-concentration and delegation of authority to some extent. Though, devolution has been accepted in principle in Nepal after, Local Self Governance Act became effective. In practice it was limited to the delegation and de-concentration of authority only (ADDCN, 2007).

While discussing on the issues of resource mobilization inconsistency at local level, PEFA (2007) study report highlights, that problems frequently arise in front-line service delivery units, providing services at community level (such as schools and health

clinics). These include issues in obtaining resources that are intended for their use, whether in terms of cash transfer, distribution of materials and kind (e.g. drugs and school books) or provisioning of centrally recruited and paid personnel. The intended resource provision may not be explicit in budget documentation but is likely to form part of line ministry's internal budget estimates preparation.

While talking about transfer of resources, front-line service delivery units being furthest in the resource allocation chain, may be the ones to suffer most, when overall resources, fall short of budget estimates, or when higher level organizational units decide to re-direct resources to other (e.g. administrative) purposes. There may be significant delays in transfer of resources to the concerned unit, whether in cash or in kinds. Tracking of such information is crucial, in order to determine if the Public Finance Management (PFM) systems effectively support front-line service delivery (Ministry of Finance, 2008).

VI. Methodology of Study

Research Design

Blend of qualitative and quantitative research design is adopted. The strength of qualitative research in the current study is its ability to explore complex textual descriptions of people understanding of fund management issues at local level. The design of the study is exploratory and descriptive. Primary data was collected through the closed ended questionnaire submitted to the respondents in the year 2013.

Sampling and Category of the Respondents

The study has adopted convenient sampling technique, which got operationalized in the following stages. From across the 75 district of the country 164 respondents from

following 46 districts has been taken as a sample of the study. Banke, Bajura, Bara, Bhaktapur, Biratnagar, Butwal, Chitwan, Damak, Dang, Dhading, Dhanusa, Dhulikhel, Dolakha, Gorkha, Gulmi, Hetauda, Ilam, Janakpur, Jhapa, Kailali, Kalaiya, Kanchanpur, Kaski, Kathmandu, Kavre, Khotang, Lalitpur, Lamjung, Mahendranagar, Mahottary, Makwanpur, Morang, Nuwakot, Okhaldhunga, Palpa, Parbat, Parsa, Pokhara, Rasuwa, Rautahat, Rupandehi, Sarlahi, Sindhuli, Sindhupalanchowk, Solukhumbhu, Sunsari, Syangja, and Tulsipur. Judgmental sampling is conducted to explore the respondents from various districts of the country.

Out of total 164 respondents, major category is student's community and other additional category of the respondents. It included business man, civil service, electrician, employee, ex indian army, house wife, marketing officer, engineer, officer, sales executive, senior consultant, shopkeeper, student, T V mechanic, teacher, transportation manager, technician, volunteer etc.

Data Analysis Framework

Data has been tabulated on MS Excel sheet and then transported to SPSS 16 version. Following tools are applied to analyze the tabulated data. Statistical tool applied included regression mean, simple percentage, correlation matrix, and frequency is further used. Following regression model was developed and examined.

Measurement of the Efficiency

To measure the efficiency in delivery of services, following regression model is used to determine the impact of various variables on efficiency in delivery of services. Budget fully allocated are properly spent, fund enough, level of development work and

credibility of the budget are treated as predictors and efficiency in delivery of services as the dependent variable.

The regression model is specified as:

$$ED_{it} = \beta_0 + \beta_1 CB + \beta_2 LDW + \beta_3 AFE + \beta_4 BAPS + \epsilon_{it} \dots\dots\dots \text{Model 1}$$

Where;

β_{is} = Regression Coefficients

ED is efficiency in delivery of services, CB is credibility of the budget, LDW is level of development work, AFE is fund enough and BAPS is budget fully allocated are properly spent. ϵ_{it} = error term

Measurement of the Credibility

To measure the credibility of the budget following regression model is used to determine the impact of various variables on credibility of the budget.

$$CB_{it} = \beta_0 + \beta_1 LDW + \beta_2 AFE + \beta_3 BAPS + \beta_4 ED + \epsilon_{it} \dots\dots\dots \text{Model 2}$$

VII. Data and Results

Correlation Analysis of Efficiency and Credibility

The study has examined the correlation among efficiency, credibility, fund enough, budget spent, transparency, service efficiency, and financial planning and budgetary process within 164 observations to test the correlation across the factors. Appendix Table 1 reveals the correlation matrix across the factors. It is apparent that coefficient of correlation among efficiency and credibility is 0.445, fund enough and efficiency is 0.47,

budget spent and efficiency is 0.449, transparency and efficiency is 0.319, efficiency and service efficiency is 0.434 and efficiency and efficiency of financial planning and budgetary process is 0.356. All the correlation coefficients are significant at 0.01 levels of significance.

Appendix Table 1 further highlights that the correlation between credibility and fund enough is 0.463, credibility and budget spent is 0.391, credibility and transparency is 0.29, credibility and service efficiency is 0.468 and credibility with planning and budgeting is 0.433. The correlation between fund enough and budget spent is 0.341, fund enough and transparency is 0.288, fund enough and service efficiency is 0.355, fund enough and planning & budgeting is 0.316. The correlation between budget spent and transparency is 0.504, budget spent and service efficiency is 0.517, budget spent and planning & budgeting is 0.356. The correlation between transparency and service efficiency is 0.442, transparency and planning & budgeting is 0.390. The correlation between service efficiency and planning & budgeting is 0.603.

The above results led to conclude that efficiency in delivery of services of the local development entities move in positive direction along with the credibility, fund enough, budget spent, transparency, service efficiency, and efficiency of financial planning and budgetary process.

Efficiency, Credibility, Fund Enough, & Service Efficiency and Mean Value Analysis

The author has examined the mean value of efficiency, credibility, fund enough, budget spent, service efficiency, allocation of resources and efficiency of financial planning and budgetary process. Appendix Table 2 exhibits the mean value of each of the above variables. Mean of the most of variables are more than average, which indicates that the

majority of the respondents believe that the local development entities has shown moderate amount of efficiency in terms of service delivery (mean is 3.01), Credibility of the budget (mean is 3.26) at the local level is of moderately high, service efficiency (mean is 3.23), budget spent (mean is 3.37), allocation of resources (mean is 2.93) seems to be little less than the average, and planning and budgeting mean is 3.26. The mean value of allocated fund enough is 3.23 which signify that people agree with the moderately enough funds available at the local level.

Appendix Table 2 further reveals that the variables fund enough and budget spent have higher deviation than that of the other variables. All other variables' standard deviation is in between 0.833 and 0.906 except the fund enough and budget spend which have standard deviation of a little over 1.

Efficiency in Delivering Services by Municipality

Appendix Table 3 shows the measurement of frequency of efficiency in delivering services by the municipalities. Of the total respondents 2.4 percentage points stated that the efficiency of municipalities in delivering services was outstanding and 20.1 percent respondent opined that it is efficient. Of the total respondents 52.4 percentage points opined that the efficiency of municipality in delivering services was less efficient while 21.3 percent thought that it was inefficient, and 3 percent of the respondents did not give any comments.

Credibility of Budget and Local Development Fund

While observing the Appendix Table 4 it is evident that only 2.4 percent of the total respondents believe that the credibility of budget and local development fund is very high. While 12.7 percent believes it is high and 44.8 percent believes it is average. Of the total 32.7 percent of the total respondents think that the credibility of the budget and local

development fund is low and 6.1 percent says it is very low. The overall results indicate that the credibility of the budget and local development fund was moderately credible.

Level of Developmental Work Noticed in Community

Appendix table 5 reveals that the level of development work noticed in the community, and we can observe from the table that 3 percent believes that there is very much level of development work noticed in the community while 18.2 percent opines that it is significantly good, 44.2 percent of the respondents perceived that it is good, while 24.2 percent believes that the work is significantly less as observed by them. Finally 9.1 percent believes that the work is very less observed in their community. In overall, more than average, i.e. more than 65 percents, are in favor of the fact that the level of development work noticed was quite satisfactory in their community.

Development Work Carried as Per Major Requirement

Appendix table 6 shows the results of the development work carried as per the major requirement, and the table shows that the majority of the respondents (55.5 percent) believes that there is no development work carried as per their major requirement, while the rest 43.9 percent believes that the development work was carried as per their major requirement. The majority of the respondents concluded that the development work carried by the LDC was not as per their requirement.

Level of participation with Local Development Committee (LDC) at Planning Level

Appendix table 7 indicates the perception of respondents on level of participation with LDCs and the table shows that 4.9 percent respondents believes that the level of participation with LDC at planning level is very high, 14.6 percent says its high, 50.6 percent of the respondents opines that it is average and 25.6 percent and 2.4 percent are

of the opinion that it is less and very less respectively. In aggregate the result shows that the level of participation with LDC at planning level was satisfactory.

Sufficiency of Fund Allocation

Appendix table 8 reveals the opinion of respondents with regard to sufficiency of fund allocation. Of the total respondents 3 percent opines that the allocated fund was surplus, while 20.7 percent believes that the funds are enough to fulfill their needs. Similarly 34.1 percent of the respondents believe that the allocated fund is partially enough, while 31.1 percent believes that it is lagging. Only 10.4 percent of the total respondents respond that the fund allocated is not significant at all. In overall, it is evident from the results that the development fund allocated was moderately enough to carry out development work.

Level of Transparency

Appendix table 9 reveals the results of perception of respondents with regard to level of transparency and it is reported that 3 percent of the respondents said that the transparency is very high, 11 percent opines it is high, while 37 percent of the respondents argued that it is average. Those who are saying low and very low are 29.9 percent and 17.7 percent respectively. This indicates that the level of transparency of development fund execution was moderately good.

Misappropriation of allocated funds at Municipality level

Appendix table 10 exhibits the frequency of misappropriation of allocated funds at Municipality level and the table shows that 12.7 percent respondents strongly agree that the allocated fund at municipality level is misappropriated. Of the total respondents 38.4 percent agree on the same matter, while 33.5 percent are stay neutral with regard to misappropriation of allocated funds. There are only 11 percent of the respondents who

disagree that there is misappropriation of funds at municipality level and 3 percent strongly disagree with the misappropriation of allocated funds at Municipality level. The majority of the respondents are of the view that the misappropriation of allocated funds at Municipality level is at higher side.

Efficiency of Municipality in providing required service to its Stakeholders

Appendix table 11 shows the results with regard to efficiency of Municipality in providing required service to its stakeholders and it is evident from the table that 2.5 percent of the respondents opines that efficiency of Municipality in providing required service to its stakeholders is very high. Of the total 9.8 percent of the respondents are in favor of high efficiency of municipality. Majority of the respondents i.e. 54.3 percent claims that the service is average, while 26.8 percent believes that it is low and 6.1 percent believes that it is very low.

Efficiency on Financial Planning and Budgetary Process of the Municipality

Appendix table 12 shows the results with regard to efficiency of Financial Planning and budgetary process of the Municipality. The table reveals that of the total respondents 2.4 percent strongly agree that the financial planning and budgetary process of the municipality is efficient, while 14 percent agree with it. Major portion of the respondents i.e. 42.1 percent were neutral about the efficiency on financial planning and budgetary process of the Municipality, while 34.8 percent disagree and 6.1 percent strongly disagree about the efficiency on financial planning.

Level of Local Participation in Allocating Development Fund

Appendix table 13 shows the results with reference to level of local participation in allocating development fund. It is apparent from the results that only 3 percent of the

respondents perceive that the level of local participation in allocating development fund is very high and 15.2 percent of the respondents believe that it is high. The major section of the respondents i.e. 52.4 percent are of the opinion that the level of local participation is average and 23.8 percent claims it is less while 4.9 percent believes that it is very less. In aggregate, it is very clear that the level of local participation in allocating development fund was quite satisfactory.

Efficiency in Delivery of Services, Regression Model

Following regression model is used to determine the impact of various variables on efficiency in delivery of services. Budget fully allocated are properly spent, fund enough, level of development work and credibility of the budget are treated as predictors and efficiency in delivery of services as a dependent variable. The regression model is specified as:

$$ED_{it} = \beta_0 + \beta_1 CB + \beta_2 LDW + \beta_3 AFE + \beta_4 BAPS + \epsilon_{it} \dots \dots \dots \text{Model 1}$$

Where;

β_{is} = regression coefficients.

ED is efficiency in delivery of services, CB is credibility of the budget, LDW is level of development work, AFE is fund enough and BAPS is Budget fully allocated are properly spent.

ϵ_{it} = error term

The estimated results of linear regression model between the dependent variable and predictors are given as:

$$ED_{it} = 0.752 + 0.164CB + 0.284LDW + 0.204AFE + 0.185BAPS \dots\dots\dots \text{Model 1}$$

The estimated Model 1 is significant at 0.00 significance levels. The R squared is 0.37, (Appendix Table 14). Since all the coefficients of predictors in Model 1 are significant at 0.00 levels, which signifies that the efficiency in delivery of services is explained by the selected predictors. Model 1 shows that efficiency in delivery of services (ED) is more explained by level of development work (0.284), followed by fund enough (0.204). However, the credibility of the budget and budget fully allocated are properly spent attempt to explain the efficiency in delivery of services at lesser rate. Since the P value of model 1 is 0.00 which is less than level of significance at 0.001.

Hence, the above results lead to conclude that if the credibility of the budget, level of development work, fund enough and budget fully allocated are properly spent improves than the efficiency of Municipality in delivery of service could be improved.

Credibility of the Budget, Regression Model

Following regression model is used to determine the impact of various variables on credibility of the budget. Level of development work, is fund enough and Budget fully allocated are properly spent, and efficiency in delivery of services as a dependent variable,

The regression model is specified as:

$$CB_{it} = \beta_0 + \beta_1 LDW + \beta_2 AFE + \beta_3 BAPS + \beta_4 ED + \epsilon_{it} \dots\dots\dots \text{Model 2}$$

Where;

β_{is} = Regression coefficients.

CB is credibility of the budget, LDW is level of development work, AFE is fund enough and BAPS is Budget fully allocated are properly spent, and ED is efficiency in delivery of services,

ϵ_{it} = error term

The estimated results of linear regression model between the dependent variable and predictors are given as:

$$CB_{it} = 1.054 + 0.228LDW + 0.237AEF + 0.141BAPS + 0.0202ED \dots\dots\dots \text{Model 2}$$

The estimated Model 1 is significant at 0.00 significance levels. The R squared is 0.322, (Appendix Table 15).

Since all the coefficients of predictors in Model 1 are significant at 0.00 levels, which signifies that the credibility of the budget is explained by the selected predictors. Model 2 shows that credibility of the budget is more explained by fund enough (0.237) followed by level of development work (0.228). However, the budget fully allocated are properly spent and efficiency in delivery of services attempt to explain the credibility of the budget at lesser rate. Since the P value of model 2 is 0.00 which is less than level of significance at 0.001.

When all the variables value is 0, the fixed constant value is 1.054. A one unit increase in efficiency will result in 0.0202 unit increase in credibility keeping other variables constant. Similarly a one unit increase in level of development work will increase the credibility by

0.228, a one unit increase in fund enough will increase the credibility by 0.237 and a one unit increase in budget spent will increase the credibility by 0.141.

At 5 percent confidence, it can be noticed that the variable level of development work is insignificant. The above results lead to conclude that if the efficiency of Municipality in delivery of service, level of development work, fund enough and budget fully allocated are properly spent improves than the credibility of the budget could be improved

VIII. Conclusions and Policy Implications of Study

In order to promote transparency in the utilization of funds by the local government bodies the data on fund utilization should be easily available and comprehensible to the general public so that people can extract data, compare them, analyze them, and use them as per their needs.

Capacity building of the stakeholders, including that of local users group and policy-makers is also imperative to ensure increased level of transparency in the utilization of funds.

The efficiency in delivery of services of the local development entities go hand in hand with the credibility, fund enough, budget spent, transparency, service efficiency, and efficiency of financial planning and budgetary process. So, to maintain the efficiency in development fund the local development unit of the government need to focus on adequacy of the fund, proper mechanism of budget spent, and further focus on enhancing the efficiency of financial planning and budgetary process at the local level.

The majority of the respondents believe that the local development entities has shown moderate amount of efficiency in terms of service delivery. This indicates that there is

plenty of room to upgrade the level of efficiency at local level government units, with regard to the fund management practices.

There is higher chance of misappropriation of allocated development funds at Municipality level. So the government units along with the local beneficiaries need to be more aware of the fact and need to devise functional modality to minimize the chances of misappropriation of allocated development funds at Municipality and local level.

The efficiency of Municipality in delivery of service could be improved when we can upgrade the credibility of the budget, enhance the level of development work, provide the enough development fund and ensure that the budget allocated are properly spent . So the local government units need to upgrade these attributes of the development fund.

To upgrade the credibility of the budget at the local government unit some measures need to be considered, which includes efficiency of Municipality in delivery of service need to be strengthened, level of development work need to be visible enough. Similarly the government unit need to grant enough fund at the local development units and allocated budget in the respective sectors need to be minutely monitored and examined whether it is properly spent.

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Appendices

Appendix Table 1: Correlations Matrix (N= 165)

		Efficiency	Credibility	Fund enough	Budget spent	Transparency	Service efficiency	Planning Budgeting
Efficiency	Pearson Correlation	1	0.445**	0.470**	0.449**	0.319**	0.434**	0.356**
	P Value		0.000	0.000	0.000	0.000	0.000	0.000
Credibility	Pearson Correlation			0.463**	0.391**	0.290**	0.468**	0.433**
	P Value			0.000	0.000	.000	0.000	0.000
Fund Enough	Pearson Correlation				0.341**	0.288**	0.355**	0.316**
	P Value				0.000	0.000	0.000	0.000
Budget Spent	Pearson Correlation					0.504**	0.517**	0.356**
	P Value					0.000	0.000	0.000

Transparency	Pearson Correlation					1	0.442**	0.390**
	P Value						0.000	0.000
Service efficiency	Pearson Correlation							0.603**
	P Value							0.000

** Correlation is significant at the 0.01 level (2-tailed).

Source: Primary survey Feb 2013

Appendix Table 2: Mean and Std. Deviation of Efficiency, Credibility, Fund Enough, and Service Efficiency (N= 165)

	Mean	Std. Deviation
Efficiency	3.01	0.833
Credibility	3.26	0.890
Fund Enough	3.23	1.031
Budget Spent	3.37	1.028
Service Efficiency	3.23	0.846
Allocation of Resources	2.93	0.930
Planning and Budgeting	3.26	0.906

Source: Primary Survey Feb 2013

Appendix Table 3: Efficiency in Delivering Services by Municipality in Percentage (N= 165)

Efficiency Measures		Valid Percent
Valid	0	0.6
	Outstanding	2.4
	Efficient	20.1
	Less Efficient	52.4
	Inefficient	21.3
	No Comment	3.0
	Total	100.0
Missing	System	
	Total	

Source: Primary survey Feb 2013

Appendix Table 4: Credibility of Budget and Local Development Fund in Percentage (N= 165)

		Frequency	Valid Percent
Valid	0	1	0.6
	Very High	4	2.4
	High	21	12.8
	Average	74	45.1
	Low	54	32.9
	Very Low	10	6.1
	Total	164	100.0
Missing	System	1	
	Total	165	

Source: Primary survey Feb 2013

Appendix Table 5: Level of Developmental Work Noticed in Community in Percentage (N= 165)

	Frequency	Valid Percent
Very much	5	3
Significantly Good	30	18.3
Good	73	44.5
Significantly Less	40	24.4
Very Less	15	9.1
Total	164	100

Source: Primary survey Feb 2013

Appendix Table 6: Development Work Carried as per major requirement in Percentage (N= 165)

		Frequency	Valid Percent
Valid	0	1	0.6
	Yes	72	43.9
	No	91	55.5
	Total	164	100.0
Missing	System	1	
	Total	165	

Source: Primary survey Feb 2013

Appendix Table 7: Level of Participation with Local Development Committee (LDC) at Planning Level in Percentage (N= 165)

		Frequency	Valid Percent
Valid	0	3	1.8
	Very high	8	4.9
	High	24	14.6
	average	83	50.6
	Less	42	25.6
	Very Less	4	2.4
	Total	164	100.0
Missing	System	1	
Total		165	

Source: Primary survey Feb 2013

Appendix Table 8: Sufficiency of Fund Allocation in Percentage (N= 165)

		Frequency	Valid Percent
Valid	0	1	0.6
	Surplus	5	3.0
	Enough to Fulfill Needs	34	20.7
	Partially Enough	56	34.1
	Lagging	51	31.1
	Not Significant at all	17	10.4
	Total	164	100.0
Missing	System	1	
Total		165	

Source: Primary survey Feb 2013

Appendix Table 9: Level of Transparency in Percentage (N= 165)

		Frequency	Valid Percent
Valid	0	2	1.2
	Very High	5	3.0

Missing	High	18	11.0
	Average	61	37.2
	Low	49	29.9
	Very Low	29	17.7
	Total	164	100.0
	System	1	
	Total	165	

Source: Primary survey Feb 2013

Appendix Table 10: Misappropriation of Allocated Funds at Municipality Level in Percentage(N= 165)

		Frequency	Valid Percent
Valid	0	2	1.2
	Strongly Agree	21	12.8
	Agree	63	38.4
	Neutral	55	33.5
	Disagree	18	11.0
	Strongly Disagree	5	3.0
	Total	164	100.0
Missing	System	1	
	Total	165	

Source: Primary survey Feb 2013

Appendix Table 11: Efficiency of Municipality in Providing Required Service to its Stakeholders in Percentage (N= 165)

		Frequency	Valid Percent
Valid	0	1	.6
	very high	4	2.4
	high	16	9.8
	average	89	54.3
	low	44	26.8
	very low	10	6.1
	Total	164	100.0
Missing	System	1	
	Total	165	

Source: Primary survey Feb 2013

Appendix Table 12: Financial Planning and Budgetary Process of the Municipality is Efficient in Percentage (N= 165)

		Frequency	Valid Percent
Valid	0	1	.6
	strongly agree	4	2.4
	agree	23	14.0
	neutral	69	42.1
	disagree	57	34.8
	strongly disagree	10	6.1
	Total	164	100.0
Missing	System	1	
	Total	165	

Source: Primary survey Feb 2013

Appendix Table 13: Level of Local Participation in Allocating Development Fund in Percentage (N= 165)

		Frequency	Valid Percent
Valid	0	1	.6
	Very High	5	3.0
	High	25	15.2
	Average	86	52.4
	Less	39	23.8
	Very Less	8	4.9
	Total	164	100.0
Missing	System	1	
	Total	165	

Source: Primary survey Feb 2013

Appendix Table 14: Regression Model 1

$$ED_{it} = \beta_0 + \beta_1 CB + \beta_2 LDW + \beta_3 AFE + \beta_4 BAPS + \epsilon_{it} \dots\dots\dots \text{Model 1}$$

Predictors of efficiency in delivery of services (ED)			
Predictors	β	t	Sig
Constant	0.752	3.110	0.002
CB	0.164	2.335	0.021
LDW	0.284	2.445	0.016
AFE	0.204	3.435	0.001
BAPS	0.185	3.172	0.002
F	23.383		

Appendix Table 15: Regression Model 1

$$CB_{it} = \beta_0 + \beta_1 LDW + \beta_2 AFE + \beta_3 BAPS + \beta_4 ED + \epsilon_{it} \dots\dots\dots \text{Model 2}$$

Predictors of Credibility of the Budget (CB)			
Predictors	β	t	Sig
Constant	1.054	4.004	0.000
LDW	0.228	1.753	0.082
AFE	0.237	3.615	0.000
BAPS	0.141	2.153	0.033
ED	0.202	2.335	0.021
F	18.906		
R ²	0.322		

Source: Primary survey Feb 2013