

## **The power of information**

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A survey of primary schools in Uganda revealed that only 13 percent of the per-student capitation grants made it to the schools in 1991-95.<sup>3</sup> In 1995 for every dollar spent on nonwage education items by the central government, only about 20 cents reached the schools, with local governments capturing most of the funding.

Poor students suffered disproportionately, because schools catering to them received even less than others. Indeed, most poor schools received nothing. Case study evidence and other data showed that the school funds were not going to other sectors either.<sup>4</sup> The disbursements were rarely audited or monitored, and most schools and parents had little or no information about their entitlements to the grants. Most funds went to purposes unrelated to education or for private gain, as indicated by numerous newspaper articles about indictments of district education officers after the survey findings went public.

To respond to the problem, the central government began publishing data on monthly transfers of capitation grants to districts in newspapers and to broadcast them on the radio. It required primary schools and district administrations to post notices on all inflows of funds. This promoted accountability by giving schools and parents access to information needed to understand and monitor the grant program.

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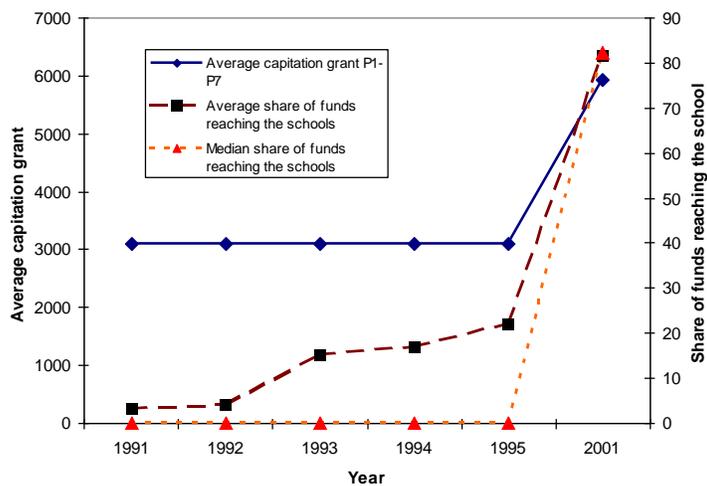
<sup>3</sup> Reinikka (2001) and Reinikka and Svensson (2002).

<sup>4</sup> Jeppson (2001).

An evaluation of the information campaign reveals a large improvement.<sup>5</sup> All schools are still not receiving the entire grant (and there are delays). But the capture by interests along the way has been reduced from 80 percent in 1995 to 20 percent in 2001 (figure 1). A before-and-after assessment comparing outcomes for the same schools in 1995 and 2001—and taking into account school-specific factors, household income, teachers' education, school size, and supervision—suggests that the information campaign explains at least two-thirds of the massive improvement.

**Figure 1 Schools received what they were due after an information campaign**

Amount of capitation grant (Uganda shillings) that schools were supposed to receive, and average (mean and median) percent actually received by schools, 1991-2001.



Source: Reinikka and Svensson (2002), Reinikka and Svensson (2003).

In 1995 schools with access to newspapers and those without suffered just as much from the leakages. And from 1995 to 2001 both groups experienced a large drop in leakage. But the reduction in leakage was significantly higher for the schools with access to

<sup>5</sup> Reinikka and Svensson (2003).

newspapers, which increased their funding by 12 percentage points more than schools that lacked newspapers.

With an inexpensive policy action—the provision of mass information—Uganda dramatically reduced the capture of a public program aimed at increasing access to textbooks and other instructional materials. Because poor people were less able than others to claim their entitlement from the district officials before the campaign, they benefited most from it.

Policymakers in developing countries seldom have information on actual public spending at the level of frontline provider. A public expenditure tracking survey—like the one carried out in Uganda and subsequently in many other countries (findings on leakage summarized in table 1)—tracks the flow of resources through various layers of government, on a sample survey basis, in order to determine how much of the originally allocated resources reach each level. The survey also collects other data to help explain variation in leakage across service providers.<sup>6</sup>

**Table 1. Leakage of Nonwage Funds in Primary Education: Evidence from Public Expenditure Tracking Surveys**

*(percent)*

<b>Country</b>	<i>Mean</i>
Ghana 2000	50
Peru 2002*	30
Tanzania 1999	57
Zambia 2002	60

\* Utilities only.

*Source:* Ye and Canagarajah (2002) for Ghana; Instituto Apoyo and World Bank (2002) for Peru; Price Waterhouse Coopers (1999) for Tanzania; Das and others (2002) for Zambia.

<sup>6</sup> For the survey instruments and other methodological issues visit [www.publicspending.org](http://www.publicspending.org). See also Dehn, Reinikka, and Svensson (2003).

The extent of corruption and leakage seem to have less to do with conventional audit and supervision mechanisms, and more with the schools' or clinics' opportunity to voice their claims for the funds. Traditionally, it has been left to the government and a country's legal institutions to devise and enforce public accountability. The Uganda experience questions this one-sided approach. As the government's role and services have expanded considerably during the past decades, it has become apparent that conventional mechanisms, such as audit and legislative reviews, are not enough. Collusion, inefficiencies, abuse, and lack of responsiveness to citizens' needs cannot easily be detected and rectified even with the best of supervision. When institutions are weak, the government's potential role as auditor and supervisor is even more constrained. Measures to empower beneficiaries by increasing information are an important complement.

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