

Public Expenditure Tracking¹

Summary

Public expenditure tracking involves tracing the flow of public resources for the provision of public goods or services from origin to destination. It can help to detect bottlenecks, inefficiencies and/or corruption in the transfer of public goods and resources, and is a key tool for the government and civil society organisations (CSO) to guard against corruption and work towards ensuring transparent, accountable and effective public financial management.

What is it?

Public expenditure tracking helps governments, citizens and CSOs ensure that allocated public resources are effectively reaching their intended beneficiaries. It can help to identify and address problems and weaknesses in systems of public expenditure, transfer and service delivery. It is also effective in revealing corruption and pinpointing the exact location of leakages.

Public expenditure tracking usually involves some form of both quantitative research (e.g. verifying financial accounts to monitor the actual flow of funds) and qualitative research (e.g. interviewing users of public services about their experiences and assessments of the quality, accessibility and cost of public services). Expenditure tracking can be undertaken at the local, district or sub-national level.

In some cases, the flow of resources is tracked from the highest level (e.g. the national treasury) through the various layers of government to the final beneficiary (e.g. the users of local level services and programs such as schools and clinics). Such an undertaking requires the substantial expertise and resources and the coordination of actors from national to grassroots level. For example, public expenditure tracking surveys (PETS), such as those supported and implemented by the [World Bank](http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALDEVELOPMENT/EXTPCENG/0,,contentMDK:20509354~pagePK:148956~piPK:216618~theSitePK:410306,00.html) (<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALDEVELOPMENT/EXTPCENG/0,,contentMDK:20509354~pagePK:148956~piPK:216618~theSitePK:410306,00.html>) engage researchers at both the national and grassroots level and use both interviews and technical reviews of financial records to trace the flow of funds from source to final destination.

How?

Key steps in implementing public expenditure tracking:

1. Determine the scope and purpose of the tracking exercise

- The purpose of a tracking exercise may be to address specific problems of corruption, inefficiency or non-performance in one specific facility or government service, or the purpose may be one of broader sector-wide reform. It is important to clearly determine the purpose of the initiative, as this will affect how it is designed, how must be involved, the level of resources required, etc.
- With regard to scope, the exercise might target an entire sector (e.g. health), a particular government programme (e.g. the provision of free medication for pregnant women), a particular geographic area (e.g. the health facilities in one district) or one particular

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- public service provider (e.g. a specific hospital).
- The scope of the exercise will depend on its purpose as well as the capacity of the implementing organisation(s). For example, a sector-wide tracking exercise requires a much higher level of expertise and resources than tracking the flow of resources to/from one specific clinic, school or local government unit.

2. Identify partners and key stakeholders

- Depending on its nature and scope, expenditure tracking can be a technical, expensive exercise. Establish partnerships or relationships with key individuals and groups to support and inform the tracking process. It is important to identify able and credible partners - for example, think tanks, policy institutes, financial/accounting specialists or other local, national or international NGOs or donors – to provide support and assistance.
- Tracking the distribution of money from source to recipient can require a large network of organisations (ranging from the grass roots to the national government).. Smaller scale tracking initiatives can be accomplished at the local level but it still may require investigating the allocation and disbursement of funds at nation level.
- If possible, include government officials and legislators in the process, especially those who have a vested interest in the outcomes or who can provide information and expertise with regard to public financial systems and data.
- It is important to identify who will be the primary audience and users of the findings and to reflect on ways to actively involve these groups from the outset. Potential target audience/users might include, for example: citizens/end-users, specific under-served groups like women or youth, public service providers, public officials, policy-makers, public auditors, the media.

3. Design the research/survey

- Once the purpose and scope of the tracking exercise have been defined, it can be useful to conduct some rapid initial research to determine what data exists, how easily it can be accessed, and what types of quantitative and qualitative research will be necessary.
 - Along with key stakeholders and informants, trace an initial map of the expenditure process from origin to destination. This can provide a starting point to be verified through further research.

4. Gather and analyze the data

- Select/train researchers and establish tracking teams in different locations/communities as necessary.
- Expenditure tracking exercises usually involve both (i) tracing fund flows (e.g. from treasury to ministry to banks to local government or facility) and (ii) researching the reasons for dysfunctional practices or inefficiencies at each stage.
- Research surveys should be designed to identify and explore key issues thought to be contributing to corruption, inefficiency, poor performance or limited access.
- For survey work, the need for a critical sample size has to be squared off with budgetary, time, and human resource constraints.
- Research surveys are typically designed to look at the following factors:
 - Characteristics of the public service/programme in question (its size, infrastructure, number of clients/users, etc.);
 - Financing (e.g. the level of budget allocated to the service/programme in question, sources and efficiency in flow of funds);
 - Inputs (e.g. levels of human and material resources. In the case of a school for example, numbers of teachers, desks, books), and;

- Outputs (e.g. the quantity and quality of goods/services delivered).
- Data triangulation (i.e. consulting multiple source about the same question) can be used to help obtain accurate responses.
- The type of analysis undertaken will depend upon the specific objectives of the exercise and the nature of the findings.

5. Public dissemination of findings and advocacy

- Share and discuss the results with citizens and public authorities to garner support for change. It is crucially important to ensure that findings are accurate, honest and constructively critical. It is good practice to share findings with concerned government agencies first, offering them a chance to respond and contribute to the analysis and recommendations.
- The media is a key partner in expenditure tracking. Engage media from the outset and work together to ensure that key findings are widely disseminate in a language and format that can be easily understood by the general public. Consider using different forms of media (radio, television, internet, newspaper) as well as published reports, brochures, public notice boards, workshops, public meetings and citizen-government forums. Broadly disseminating research findings and recommendations makes it difficult for government to ignore the exercise.
- Use the findings to address key questions of public priority. Are marginalized groups being reached (e.g. poor, women, children)? Are resources being lost to corruption? Should public expenditure or service delivery systems be altered to achieve greater impact?
- Engage government authorities in order to draw attention to identified problems and advocate for necessary improvements.
- Provide legislators and policy-makers with accessible summaries and clear recommendations on how to address identified shortcoming. Form joint working groups (of government and civil society actors) to explore and implement solutions.

7. Explore possibilities for institutionalisation

- Experience shows that institutionalised expenditure tracking is more effective than one-off exercises.
- Expenditure tracking can be institutionalised in different ways. For example, it can be taken on by an official government oversight or audit agency, it can be built into the regular ongoing monitoring of a given government department or agency or it can be undertaken on a regular basis by citizen groups/CSOs. Because, however, this involves long-term commitment and resources, it is preferable that, over time, that the practice be internalised by a public institution.

Benefits

- Access to expenditure data gives politicians and citizens the ability to engage government on issues of public spending. It creates an incentive for governments to be vigilant in their financial management practices.
- Increases public financial transparency and reduces the potential for corruptive practices.
- Can contribute to improved delivery of public services, by identifying and addressing problems of bureaucratic bottlenecks, inefficiencies, corruption and leakages.
- Establishes whether expenditures are consistent with budget allocations and whether transfers/services are effectively reaching targeted groups.

Challenges and lessons

- Obtaining access to relevant accounts and financial reports can be an important obstacle. Where access to information is limited, budget groups can work through contacts, publicize cases of denied information or lobby and create public pressure for enhanced legal access. (See Tools A.1 and G.2)
- In some cases, accurate expenditure/transfer records may not exist. Here CSOs can sometimes play an important role in tracking transfers in collaboration with local level service providers and/or users.

CASE STUDIES

Public Expenditure Tracking Surveys (PETS), Uganda

One of the first PETS was conducted in Uganda in 1996 with support from the World Bank. The use of PETS helped pinpoint and address bottlenecks and leakages in the transfer of resources for education and health. The PETS methodology has subsequently been implemented in a large number of other countries in Africa and around the world.

Key resources:

- Using Surveys for Public Sector Reform
(<http://www1.worldbank.org/prem/PREMNotes/premnote23.pdf>)
- Survey Tools for Assessing Performance in Service Delivery
(<http://siteresources.worldbank.org/INTPEAM/Resources/PETS1.pdf>)
- Do Budgets Really Matter? Evidence from Public Spending on Education and Health in Uganda
(<http://www.worldbank.org/html/dec/Publications/Workpapers/WPS1900series/wps1926/wps1926.pdf>)
- Public Expenditure and Service Delivery Monitoring in Tanzania: Some International Best Practices and a Discussion of Present and Future Tanzanian Initiatives
(http://www.hakielimu.org/WP/WPSeries7_2004.pdf)
- Public Expenditure and Tracking Surveys - Application in Uganda, Tanzania, Ghana, and Honduras (http://www.hakielimu.org/WP/WPSeries7_2004.pdf)

Government Watch (G-watch) Philippines (www.g-watch.org)

G-watch is one of the pioneer organisations in participatory output tracking. It investigated the handling of lucrative government school text book contracts, based on reports of corruption, nepotism, and poor delivery quality. The initial investigation found important discrepancies between the number of books ordered and the number delivered, and that delivered books were of a substandard quality. End delivery points did not know how many books they were entitled to receive and were therefore unable to challenge deliveries. The organisation published their reports and communicated with government officials about identified problems and potential ways for solving them. Since its first survey in 2002, G-watch has carried out subsequent surveys which have show positive change in the process, with greater efficiency, quality and accountability.

- Philippines - Textbook Count 3: Project Completion Assessment
(<http://www.partnershipfortransparency.info/uploads/project%20assessment%20reports/Philippines%20G-Watch%20TextBkCount2PCA26jan07%20inc%20appendices.doc>)
- Project Completion Report on the Civil Society Participation in Textbook Count 4
(<http://www.partnershipfortransparency.info/uploads/completed%20projects/TC4%20Report.pdf>)

The National Program of Nutritional Support to Primary Education, India

This program, more commonly known as the Mid-Day Meal Scheme (MDMS), was launched in India in 1995. The CUTS Center for Consumer Action, Research & Training (CART) undertook a pilot project to evaluate implementation of the MDMS in 211 schools in the Chittorgarh District of Rajasthan. The pilot was also intended to develop and test a methodology that could provide regular user feedback to MSMS service providers across the State. CART tracked the release of funds and food grains across four tiers (i.e. state, district, block and village levels) to assess timeliness and efficiency of the program. The study found that, on the whole, parents and students were satisfied with implementation of the MDMS, and the state government was interested in increasing funding and food quality standards for the MDMS. The study also identified and served to address several shortcomings in the implementation of the MDMS including for example: the more timely transfer of funds, improvement in the quality of food grains, improvement in basic infrastructure and increased involvement of teachers and parents.

- An Assessment of the Mid-day Meal Scheme in Chittorgarh District, Rajasthan India (2007) World Bank Sustainable Development Department, Social Accountability Series, Note No. 3.
<http://www.siteresources.worldbank.org/INTSOCACCEMSEIDEGOV/Resources/Case3RajasthanCUTSSAcAugust2007.pdf>

Primary Health Care in Mozambique: Service Delivery in a Complex Hierarchy (2004) M. Lindelow, Patrick Ward and Nathalie Zorzi. Washington: World Bank.
(http://www.opml.co.uk/policy_areas/statistics/quantitative_information_for_policy_and_programme/pf2203_mozambique.html)

This report presents the findings of an Expenditure Tracking and Service Delivery Survey of Mozambique's national primary health care system carried out in 2002.

The National Supreme Audit Institution (NSAI), Philippines

In 2000, the NSAI entered into partnership with several NGOs to conduct participatory audits of government programmes in the Abra region. The partnership is seen as highly beneficial and has enabled corrective actions in the implementation of numerous public work projects.

- The Role of Civil Society in Auditing and Public Finance Management
(<http://www.internationalbudget.org/SAIs.pdf>)
- Expanding Collaborations between SAIs and Civil Society
(<http://www.internationalbudget.org/SAIsandCSOs.pdf>)

Resources

Our Money, Our Responsibility: A Citizens' Guide to Monitoring Government Expenditures. Ramkumar, V. Washington: International Budget Project. Our Money, Our Responsibility – A Citizens' Guide to Monitoring Government Expenditures

This guide offers an overview of government budget implementation processes and presents practical, tested tools that can be used by independent organizations interested in monitoring government expenditures.

Follow the Money – A Resource Book for Trainers on Public Expenditure Tracking In Tanzania. Prepared by Hakikazi Catalyst, REPOA and TGNP. (http://www.gender-budgets.org/component/option,com_docman/task,doc_download/gid,239/)

This manual outlines in practical terms how public expenditure tracking can be carried out. It is designed to be of use to local level CSOs, local government officials, local elected representatives and journalists.

Public Expenditure Tracking and Facility Surveys: A General Note on Methodology. Wagle, S. and P. Shah. Washington: World Bank. Public Expenditure Tracking & Facility Surveys: A General Note on Methodology

This brief note describes some of the basic steps involved in implementing an expenditure tracking survey.

Survey Tools for Assessing Service Delivery (2002) Dehn, J., R. Reinikka & J. Svensson. Washington, D.C.: World Bank Development Research Group.
(http://citeseer.ist.psu.edu/cache/papers/cs/26199/http:zSzzSzecon.worldbank.orgzSzfileszSz16094_survey.tools.for.assessing.sd.june2002.pdf/dehn02survey.pdf)

A guide for implementing Public Expenditure Tracking Surveys and Quantitative Service Delivery Surveys.

Public Expenditure Tracking Surveys in Education (2004) Reinikka, R. and N. Smith, Paris: UNESCO International Institute for Educational Planning (IIEP)

Public Expenditure Tracking Surveys in Education (IIEP-UNESCO Publication)

This report provides describes the methodology for using public expenditure tracking surveys in the education sector as well as analysing three PETS experiences from Uganda, Peru and Zambia.

Strengthening Participation in Public Expenditure Management: Policy Recommendations to Key Stakeholders (2002) Heimans, J. Paris: OECD Development Centre, Policy Brief No. 22.
<http://puck.sourceoecd.org/vl=12081533/cl=14/nw=1/rpsv/cgi-bin/wppdf?file=519t4hqc0ps0.pdf>

This policy brief outlines a number of recommendations for enhancing participation in public expenditure management.

Auditing for Social Change: A Strategy for Citizen Engagement in Public Sector Accountability (2005) New York: UN Department of Economic and Social Affairs.
(http://www.quebec.ca/observgo/fichiers/97346_DAEP1.pdf)

This UN publication explores how public audits can be made more open and participatory and serve as a tool for promoting transparency and citizen empowerment.

Audit and Civil Society: The Korean Experience (2006) Ho-Bum Pyun, Commissioner, Board of Audit and Inspection of Korea

<http://www.intosaijournal.org/technicalarticles/technicalapr06.html>

This brief article by explores how partnerships between civil society and public auditors can be mutually beneficial and help improve public oversight and accountability.

Following the Money: Do Public Expenditure Tracking Surveys Matter? (2008) Sundet, G. Bergen: Chr. Michelsen Institute, U4 Anti-Corruption Resource Centre .Following the Money: Do Public Expenditure Surveys Matter?

This paper critically analyses the Uganda PETS and proposes some principles of engagement on how to track expenditures more effectively.

Organisations/websites

World Bank Public Expenditure Tracking Survey Blog

<http://governanceblog.worldbank.org/tags/public-expenditure-tracking-survey>

OMB Watch - A non-profit research and advocacy organization promoting government accountability and citizen participation in the US.

<http://www.ombwatch.org>

The International Budget Project
(www.internationalbudget.org)

IDASA, South Africa
(www.idasa.org.za)

The Open Budget Initiative
(www.openbudgetindex.org/tools.htm)

DISHA, India
(www.disha-india.org)

The Centre for Budget and Policy Studies, India
(www.cbpsindia.org)

Centro de Investigación y Docencia Económicas, Mexico (CIDE)
(www.cide.mx)