

# ***“Following the Money...”***

## **– Introducing Approaches to Participatory Public Expenditure Tracking**



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# Why is expenditure tracking important?

- ◆ WDR 2004: Services often don't work for people, especially those that are poor
- ◆ Increasing resources is not enough – need to make public expenditure more effective
- ◆ Money allocated “on paper” in the budget needs to actually reach frontline providers
- ◆ There may be significant corruption and leakage in the system
- ◆ There may be inefficiency and delays
- ◆ Spending may not reflect stated objectives



# A Spectrum of Tools and Methods

Less Structured, Informal,  
Micro Level

- Direct Observation by Communities
- Focus Groups and Transect Walks
- Key Informant Interviews
- Social Audits
- Public Hearings

More Structured, Formal,  
Macro Level

- Surveys – PETS, QSDS
- Official Scrutiny of Records
- Independent Audits
- Public Expenditure Reviews

# The Common Research Questions

1. Is There Leakage & How Bad Is It?
2. Can we fix the leakage?





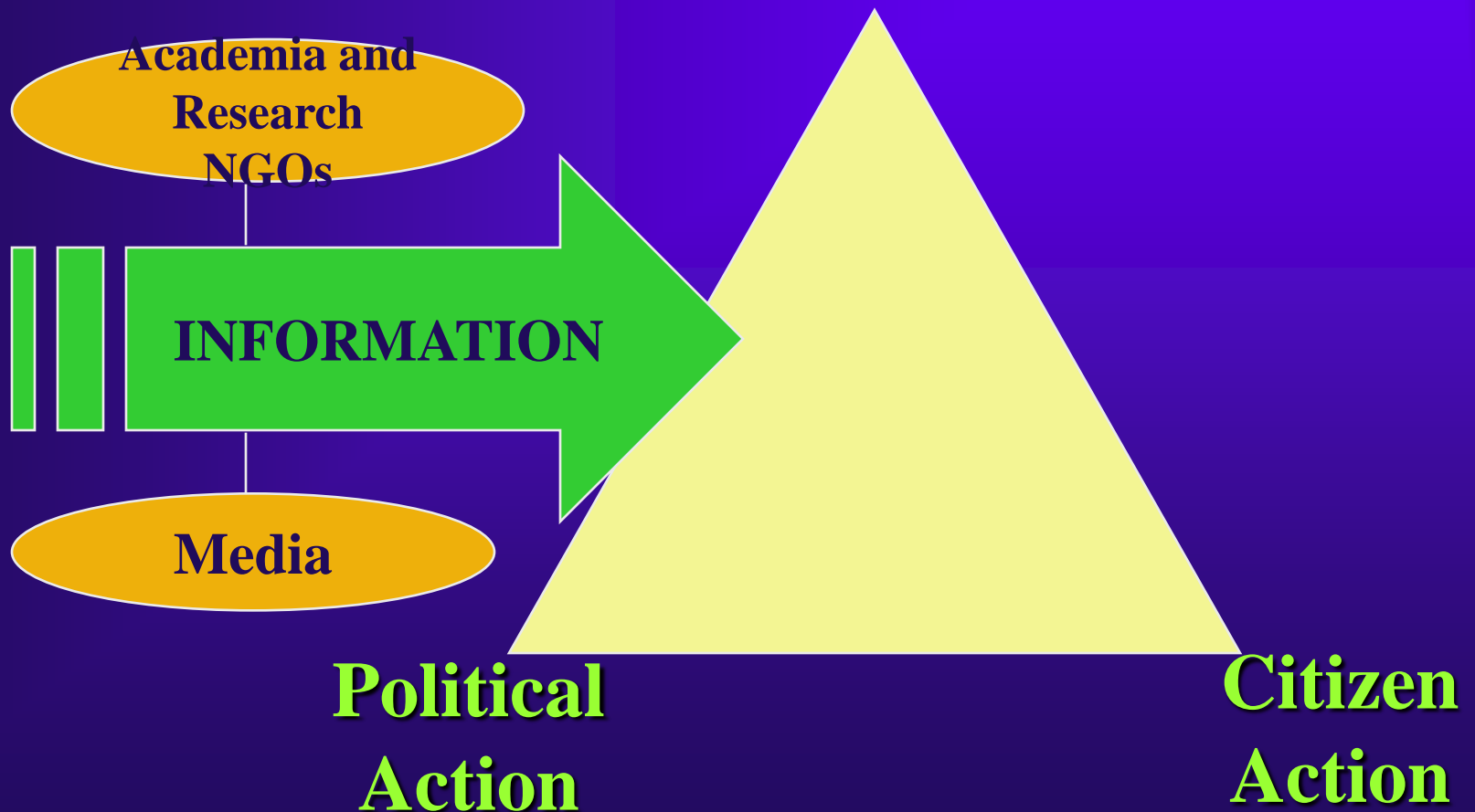


# What can CSOs do in this area?

- ◆ Actually conduct expenditure/input tracking (both formal and informal)
- ◆ Disseminate information about results of other studies
- ◆ Organize interface meetings with government to consider ways to improve expenditure flows

# Dissemination and Use of Information is Key

**Bureaucratic Action**





# A Range of Case Examples...

## **Less Formal/Qualitative Approaches:**

- **G-Watch Project, Philippines** – monitoring school building infrastructure and textbooks in public schools
- **MKSS Social Audits, India** – public hearings on district budgets
- **Children's Road Survey, India** – physical inspection of roads by children using a simple checklist

## **More Formal Quantitative Approaches:**

- **National Government Public Expenditure Monitoring, Nepal** – opposition parties in parliament following govt. expenditure flows
- **Community Information and Epidemiological Technologies (CIETS) Social Audit, Pakistan** – household survey based data collection on basic services followed by interface meetings
- **District Assembly Fund Tracking, Ghana** – combined institutional and household survey to track leakages to DA Common Fund
- **Uganda Public Expenditure Tracking Survey (PETS)**



# The 1996 Uganda PETS for Education - Impact and Lessons





# Background...

- ❖ Uganda saw rapid growth in 1990s – 7% average
- ❖ Increased spending in basic social services – 3-fold rise in primary education spending
- ❖ But no increase in enrollment in official statistics
- ❖ Clear that increased resources not leading to positive outcomes – case for expenditure tracking



# The 1996 Study...

- ❖ The first Uganda PETS was undertaken for the Education and Health Sector in 1996
- ❖ Focus of Survey was:
  - to trace the flow of resources from origin to destination and identify leakages
  - to diagnose institutional problems in the public service delivery
  - to collect information on facility characteristics, financial flows, outputs (service delivered) and accountability arrangements
- ❖ Process was led by the Ugandan government in collaboration with the WB and two domestic firms



# Process...

- ❖ Education survey covered 250 primary schools from 19 of Uganda's 39 districts
- ❖ Sample was nationally representative
- ❖ Schools divided into 3 groups depending on when they received their budget
- ❖ Aim was to see how much money that left the Central exchequer reached Schools at ground level
- ❖ Data on income, expenditure and enrollments collected; qualitative interviews as well
- ❖ Former teachers and parents were used as facilitators
- ❖ Due to data constraints, study focused only on “Capitation Grants” for non-wage spending given by center to schools based on enrollment – district tier of flow excluded. (Limitation of Study)



# Findings...

- ❖ Only 13 percent of intended capitation grant actually reached schools (1991-95)
- ❖ Blockage at district/local government level
- ❖ Large schools with wealthier parents and qualified teachers were able to obtain more of their budget allocation
- ❖ Enrollment dilemma resolved – 60% average increase hidden due to perverse incentives
- ❖ Expenditures on teacher's salaries increased by 200% between 1991-95; non-salary instructional expenditure by only 20%
- ❖ Importance of parental contributions



# Follow-up and Impact...


- ❖ Upon release of the results of the PETS, the Government acted immediately to improve the flow of information and make budget allocations transparent through a *mass information campaign* by Ministry of Finance (the press, posters)
- ❖ Some Reforms induced by the PETS:
  1. Publishing amounts transferred to the districts in newspapers and radio broadcasts
  2. Requiring schools to maintain public notice boards to post monthly transfer of funds





# Follow-up and Impact...

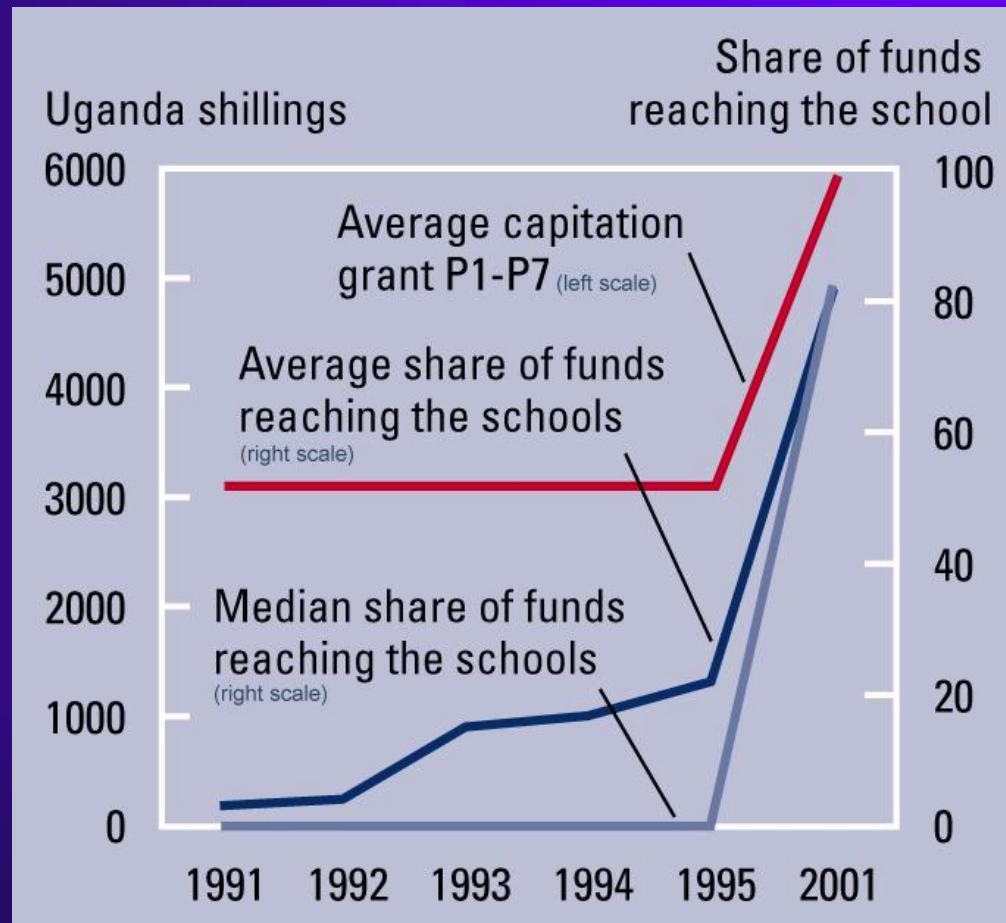
- ❖ Some Reforms induced by the PETS (Contd.):
  3. Legally provisioning for accountability and information dissemination in the 1997 Local Governance Act
  4. Requiring districts to deposit all grants to schools in their own accounts and delegating authority for procurement from the center to the schools
- ❖ Follow-up surveys in the education sector – by 1999 capitation grants received by the schools had almost reached 100%



# Leakage of non-wage funds in primary education in Uganda (%)

	Mean	Median
1991	97	100
1992	96	100
1993	85	100
1994	84	100
1995	78	100
2001	18	18
Source: Reinikka (2001);	Reinikka & Svensson (2003)	

# Schools in Uganda received more of what they were due





# Lessons from the Ugandan Experience...

- ❖ Importance of political statesmanship
- ❖ Media campaign and citizen (PTA) involvement was key
- ❖ One-off experiments will serve little long-term purpose unless implementation is followed through on a sustained basis
- ❖ Link to budget allocations is possible
- ❖ Example of how a survey that demystifies government processes can prompt smooth information flow and transparency and improve service delivery



# Finding out more on PETS...

- ◆ Survey reports, instruments, and documentation on:

[www.publicspending.org](http://www.publicspending.org)

- ◆ <http://www1.worldbank.org/publicsector/pe/trackingsurveys.htm>





**Thank you!**

**Questions?**