Public Expenditure Tracking
and
Service Delivery Surveys

A review of design and implementation issues
PEAM Course, May 23, 2002
Ritva Reinikka, DECRG, The World Bank
The presentation

1. Why need for new tools for public expenditure analysis?
2. The potential and features of Public Expenditure Tracking Surveys (PETS) and Service Delivery Surveys
3. The Ugandan experience with tracking and service delivery surveys
4. Issues in the design and implementation of surveys
Why do we need new tool to analyze public spending and service delivery?

- Evidence of limited impact of public spending on growth and human development outcomes
- Efficiency of spending varies by country
- Appreciation of limitations of “project approach”
  - Move towards budget support (e.g. PRSC)
  - Focus on developing country owned strategic framework (PRSP)
  - Emphasis on poverty reduction
  - New fiduciary and accountability concerns
  - Demand for evidence on efficiency and quality in service delivery
New challenges

There are three primary concerns today:
- Are budget allocations pro-poor?
- Are budget outturns consistent with established allocations?
- Do expenditures result in intended outputs and outcomes?

The ideal situation…
But, the “typical” situation...

PUBLIC EXPENDITURE TRACKING AND SERVICE DELIVERY SURVEYS

- Unclear policy framework
- Lack of clarity about how resource allocation relates to policies and priorities
  - budget not comprehensive
  - classification system
- Weak service delivery
  - Efficiency
  - Quality
- Weak management information systems
  - limited coverage
  - poor data quality
  - late and scattered reporting
- Nontransparent process
  - Poor reporting on execution
  - High level of aggregation
  - Discretion in allocation
- Budget allocation
  - Timely disbursements in accordance with established policies and priorities
  - Outputs → Impact → Outcomes

Inherently difficult to assess
  - Household surveys
  - Participatory approaches
  - Social Impact Assessment etc…

Policy framework
  - Govt. program
  - PRSP
  - Sector strategies etc…
What is the current situation?

IMF/WB assessment of PEM in 25 HIPC countries

- 92% do not provide budget data consistent with the GFS definition of general government.
- 83% do not have a medium-term perspective integrated into their budget formulation process.
- 88% have inactive and/or ineffective internal audit.
- 88% cannot produce timely, functionally-based expenditure reports from core accounting data.
- 71% do not close their accounts within two months of the end of the year.
- 83% do not have final audited accounts presented within 12 months of the end of the year.
- In addition, poor reporting on outputs and outcomes.
What to do?

- An agenda for the medium and long term…
  - improving coverage of government budget
  - upgrading classification systems
  - improving financial management and reporting
  - strengthening of accounting and auditing functions
  - improving management information systems

- In the short term…
  - parallel systems (e.g. “virtual” poverty funds)

- Surveys are complementary tools for short and long term (accountability, diagnosis, analysis)
Characteristics of PETS

- No standard approach – depends on perceived problems, country, and sector
- Diagnostic or monitoring tool to understand problems in budget execution
  - delays / predictability
  - leakage / shortfalls
  - discretion in allocation of resources
  - due process
- Data collected from different levels of government, including frontline service delivery units
- Heavy reliance on record reviews but also interviews
Characteristics of Service Delivery Surveys

- No standard approach
- “Perception based”
  - Interviews with households, providers, “key informants”, focus group discussions (e.g. score-card approaches)
- Quantitative surveys (e.g. QSDS)
  - Focus on frontline – e.g. health facilities or schools
  - Inspired by microeconomic household and firm surveys
    - Resource flows (financial and in-kind)
    - Availability / adequacy of inputs
    - Service outputs and efficiency
    - Quality
  - Focus on cost analysis, determinants of efficiency, comparisons across ownership groups, etc.
“Hybrid” approaches

- Link facility or school surveys “upstream” with political and administrative levels
  - Why different performance of service providing units in the same system?
- Link facility or school surveys “downstream” with household surveys
  - Effect of school/facility characteristics on household behavior and outcomes
- Mix quantitative and perception-based approaches (e.g. exit polls, staff interviews, focus group discussions)
  - Relationship between perceptions and observable characteristics of schools or facilities?
The Ugandan Experience: Context

- Many improvements since mid 1980s
  - macroeconomic stability
  - stable growth
  - shift of resources from defense to social sectors
  - decentralization and institution-building

- Poverty Eradication Action Plan (PEAP)
  - Preparation initiated in 1995
  - Approved as PRSP in 2000
  - Overall objective: reduce poverty from 44% in 96/97 to 10% in 2017
  - Public Expenditure link: MTEF and Poverty Action Fund (PAF)
The Uganda Experience: Issues

- Weaknesses in public expenditure management
  - accounting, reporting, audit,…
  - decentralization introduced new challenges

- Weaknesses in monitoring systems
  - low response rates; delays in reporting; incentives to misreport; low capacity

- Corruption?

- Is public spending having an impact?
  - increases in education spending, but no change in enrollments…
  - client dissatisfaction and increasing importance of private sector
## The Response: Surveys in Uganda

<table>
<thead>
<tr>
<th>Year</th>
<th>Type</th>
<th>Sector</th>
<th>Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>SDS</td>
<td>Agriculture and health</td>
<td>Client perception and experiences of public services</td>
</tr>
<tr>
<td>1998</td>
<td>PETS</td>
<td>Primary education</td>
<td>Compliance with guidelines for accountability for UPE funds</td>
</tr>
<tr>
<td>1998</td>
<td>Integrity survey</td>
<td>Multi-sector</td>
<td>Corruption and client experiences in the use of public services</td>
</tr>
<tr>
<td>1999</td>
<td>PETS</td>
<td>Primary education</td>
<td>Headcount and school mapping exercise with tracking component</td>
</tr>
<tr>
<td>1999</td>
<td>PETS</td>
<td>Primary education</td>
<td>Delays and leakage 1998 &amp; 1999 with assessment of compliance</td>
</tr>
<tr>
<td>2000</td>
<td>QSDS</td>
<td>Primary health care</td>
<td>Incentives and efficiency in the delivery of health care</td>
</tr>
<tr>
<td>2002</td>
<td>PETS</td>
<td>Primary health care</td>
<td>Delays and leakage; compliance with grant procedures and regulations</td>
</tr>
</tbody>
</table>
The “Prototype” PETS - 1996

- Focus on both health and education
- Data collected from different levels of administration, 250 schools, and 100 health facilities
- In education, focus on capitation grant
- Found that only 13 percent of intended resources actually reached schools (1991-95)
- Other findings
  - Weakness of local government records
  - Importance of parental contributions
Impact and Follow-up

- Policy measures
  - Signal to local governments
  - Transparency and local accountability measures
- Commitment to approach
- Follow-up surveys in education sector
  - Ministry initiative and local implementation
  - shows improvement but raises other issues
- Follow-up surveys in health sector
- Broadening agenda: service delivery
Health Sector QSDS - 2000

- Objectives
  - Diagnosis of resource flows and availability in facilities
  - Assess leakage, quality, efficiency
  - Analysis of determinants of performance (including differences across ownership categories)

- Method
  - Questionnaires administered at district and facility level
  - Approximately 150 facilities sampled

- Findings
  - Human resource issues
  - User fees
  - Rational drug use
Activities in other countries

- Tanzania (1999 and 2001)
  - Tracking of pro-poor expenditures in priority sectors at all levels

- Ghana (2000)
  - Expenditure tracking based on data collected at facility, district, and central level

- Honduras (2000)
  - Survey looking at ghost workers, absenteeism, and “job-migration”

- Other past, ongoing, or future surveys
  - Georgia, Peru, Bolivia, Laos, PNG, Zambia, Chad, Mozambique, Rwanda, Madagascar, Nigeria, …
Can we trust administrative records?
QSDS Uganda
Emerging issues

- Many good reasons for doing surveys
  - Diagnosis of problems – shaping the agenda
  - Analysis: guiding reform
  - Monitoring over time / benchmarking
  - Understanding systems – useful for donors *and* governments
  - Research

- But many questions remain
  - Surveys only give part of the answer (what about allocation? Link with outcomes?)
  - Surveys provide information but is it used?
  - Short term solution, long term strategy, or distraction?
Issues in survey design: Surveying what? Why?

- What are the problems? Are there important gaps in our understanding of the nature, extent, and source of problems?
- Is a survey the appropriate tool? Stand-alone or as a complement (e.g. PER)? Worth the cost?
- Is it feasible? How is the budget structured and implemented?
- Who is the audience and is there a likely impact? Is there a political demand?
- Will the information be used? By whom?

☞ Short mission based on a broad concept design is a good way to start
Issues in implementation: Who? How?

- Implementation is demanding!
- Steps in implementation
  - Operationalization of concept and questionnaire design
  - Identify (and contract) implementing agency
  - Piloting
  - Enumerator training
  - Field work (incl. quality control and data entry)
  - Analysis and dissemination
Issues in implementation (2)

- Who can do it?
  - Local or international?
  - Capacity building objective?
  - Who does the analysis?

- Getting quality data
  - Field test, field test, field test
  - Quality control in field and data entry

- Promoting impact
  - Strategic partnerships (between ministries; using university or local research institutes; civil society involvement)
  - Linking into existing instruments and systems (e.g. PRSP monitoring)