



The importance of public expenditure tracking surveys/systems

CSO Exhibition held at
Karimjee, Dar es Salaam, on 17th -18th
August 2006
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Introduction

- Public expenditure surveys (PETS) began to be used in late 1990s in a number of developing countries.
- This was caused by the fact that Governments in developing countries has increased budget allocations to social sectors especially in the education and health sectors but the results of this increased allocation were disappointing.
- In many of these countries the quality and quantity of service provided to citizens did not match or reflect the increased spending in the service sectors.
- This disappointment motivated governments to find out reasons for this situation.
- PETS emerged as a useful tool for finding out reasons and triggering as a search for solutions including policy reforms

Meaning of PETS

○ But what are PETS?

- PETS are surveys carried out to determine/understand the flow of funds from the source through various layers of the government systems down to the intended destination.
- The main objective of these surveys is to provide an answer to the following question:
 - Does increasing allocation of public funds necessarily result into improved service delivery both in terms of quality and quantity?
 - PETS are thus diagnostic studies that seek to provide more information about the manner in which funds have flowed through the government systems. For example have the funds transferred by Central Government (MOF) to local authorities for onward transmission to schools actually reached schools?
 - At the end of PET exercise, one should be have a reasonable of confidence that A shilling sent from MOF will actually reach a targeted school.

Why were PETS introduced

- There are several reasons why PETS were implemented even through there are formal systems of reporting within the government system.
 - While budgetary allocations were public, information on actual spending was not easily available. This made it difficult to refute the reasoning that increased allocation did not guarantee improved service delivery to citizens.
 - Weak government institutions, unreliable data, and poor reporting practices especially on execution create the need for PETS. All these make it hard to gauge the efficacy of public spending and service delivery (i.e. to determine value for money)

some examples of PETS and results

- Ugandan experience (source: Kanungo, 2003)
 - This was the first country to implement PETS 10 years ago (1996). the focus was education and health sectors.
 - The motivation for the exercise was: official reports indicated substantial increase in public spending on education but primary school enrollment did not show any improvement.
 - 19 districts (out of 39 then), 250 government primary schools and 100 health clinics were involved.
 - Results on education sector were as follows:
 - On average, 87% of the non-wage per student funds provided by central government did not reach schools during 1991-95. This was misused, either for personal gain or for other purposes not intended for education.
 - About 70% of the schools did not receive anything
 - These findings generated intense debate in all circles in Uganda which resulted into reforms targeted at enhancing transparency
 - Follow up PETS 5 years later found the following
 - There has been substantial increase in the flow of funds from 13% (on average) in 1991-95 to about 80-90% in 1999 and 2000

some examples of PETS and results

○ Ghanaian experience

- The motivation was same as in Uganda and targeted same sectors.
- The exercise covered 40 districts (4 in each of the 10 regions), 119 primary schools, 79 junior secondary schools and 173 primary health care clinics.
- The results on education sector were:
 - 50% of the non-wage education expenditure reached schools.
 - There was less leakage with respect to salaries (about 20%)
 - A large proportion of the leakage lied between line ministries and district offices.
 - The results helped to initiate inter-ministerial collaboration and has been able to evaluate frontline expenditures and service delivery.

some examples of PETS and results

○ **Tanzanian Experience**

- Two PETS were conducted in 1999 and 2001.
- The motivation was to identify problems in the flow of funds from central government through local authorities to service delivery points.
- In the 1999 exercise, 45 primary schools and 36 health facilities in three districts were considered.
- The results:
 - It was found that 57% of non-wage funds disbursed by central government was diverted to non education sectors and for personal gain.
 - It was found that 41% of non-wage funds disbursed by central government was diverted to non health sectors and for personal gain.
 - Payrolls revealed existence of ghost workers and delays in pay for frontline staff.
- The 2001 PETS ha a similar focus as the 1999 but additional information was collected that included pro-poor expenditures for rural water supply, rural roads, judiciary and HIV/AIDS. The results:
 - There was substantial delays in disbursement of funds at all levels of government especially with regard to non-wage expenditures.
 - The results



Lessons we can learn from PETS

- Information dissemination regarding public spending can strengthen transparency and accountability to the public – case of Uganda- following PETS results, government launched information campaign at both national, district and school levels by publishing monthly intergovernmental transfers
- PETS have been shown to strengthen transparency and accountability in budget execution and service delivery. Via mechanisms of information access, public agencies felt the pressure to comply with citizens' demands



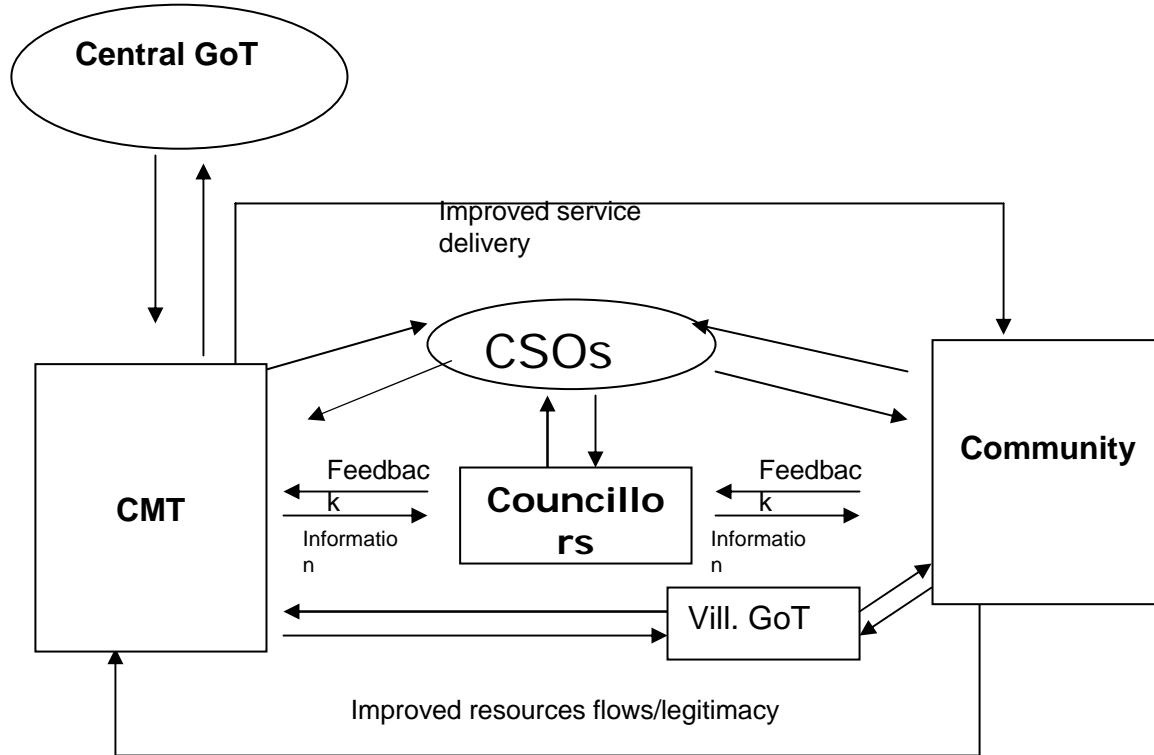
From surveys to systems

- Limitations of surveys
 - Costliness: can be afforded by small CSOs!
 - Can be complex undertakings and requires sophisticated consultants to design study, instruments and analyze results
 - Tend to be one-time events
- We require simple tools and systems that can be made part of local governance and involve more stakeholders

Public expenditure tracking systems

- Being promoted by REPOA (under the USAID TGN project) in collaboration with PMO-RALG and other partners.
- They consist of:
 - Simple formats of presenting information to citizens showing budgetary entitlements, actual receipts from central government as well as where the funds are spent
 - Key stakeholders: Councilors, district staff, and civil society organizations and citizens
 - Continuous feed back and dialogue
 - An institutionalized process
- Initial consultations in a number of districts has been encouraging. Stakeholders think it will improve transparency and accountability
- Is being introduced in several councils: Morogoro MC, Kilosa, Singida, Babati DCs.

Proposed working model





Role of CSOs in the PETS model at Council level

- To participate in briefing sessions to be done by Council Staff at full council meeting
- Analyze information provided and voice their observations to the CMT
- To discuss their observations with Councilors and help councilors raise useful questions relating to budgets and service delivery within the Council
- To help disseminate information to citizens and help them to understand it, relate it to the day to day lives
- Overall they will play an important role in enhance good governance which is an important cluster under the MKUKUTA



Are CSOs at council level up to the task?

- REPOA in collaboration with PMO-RALG organises trainings for all the key stakeholders including CSOs active at Council level
- This helps to bring CSOs closer to Councils
- Other capacity building efforts are also facilitated by REPOA for CSOs
- CSOs are expected to play their part



End of presentation

Questions/comments are welcome