



Knowledge hub - Collection of best practices

Summary of the best practice

1. Title of the best practice (e.g. name of policy, programme, project, etc.) *

PUBLIC EXPENDITURE TRACKING SURVEYS (PETS)

2. Country or countries where the practice is implemented *

Uganda, Brazil, Mongolia, DR Congo, etc

3. Please select the **most relevant** Action Track(s) the best practice applies to *

- Action Track 1. Inclusive, equitable, safe, and healthy schools
- Action Track 2. Learning and skills for life, work, and sustainable development
- Action Track 3. Teachers, teaching and the teaching profession
- Action Track 4. Digital learning and transformation
- Action Track 5. Financing of education

4. Implementation lead/partner organization(s) *

World Bank

5. Key words (5-15 words): Please add key descriptive words around aims, modalities, target groups etc. *

public expenditure, public resources, resource leakages, surveys, fiscal policy

6. What makes it a best practice? *

The Uganda PETS proved that PETS is a good practice evidenced by the fact that, following its implementation, several other PETS have been conducted around the world with well documented success stories.

Description of the best practice

7. Introduction (350-400 words)

This section should ideally provide the context of, and justification for, the practice and address the following issues:

- i) Which population was affected?
- ii) What was the problem that needed to be addressed?
- iii) Which approach was taken and what objectives were achieved? *

These are quantitative surveys of the supply side of public services. The unit of observation is typically a service facility and/or local government i.e., frontline providers like schools. The survey collects information on facility characteristics, financial flows, outputs (services delivered), accountability arrangements, etc. PETS data can have multiple uses. They can serve as powerful simple diagnostic tool in the absence of reliable administrative or financial data. They trace the flow of resources from origin to destination and determine the location and scale of anomaly. PETS are often used as part of PERs and can identify PFM-related issues that the FinEd toolkit can help investigate more thoroughly. Evidence suggests that Public Expenditure Tracking Surveys in Education can help countries significantly reduce resource leakages from corruption and administrative inefficiencies. It can also help assess incentives and performance at the school level. Hence, PETS is an important part of a country's tool kit for improving education. The main aim of PETS is to determine, on a sample basis, how much of the original allocations (financial, salaries, in-kind items) reach the next level of government and, ultimately, service delivery units such as schools.

Since the first PETS in Uganda in 1996, tracking exercises have been conducted in several dozens of other countries, often as part of core analytical and advisory work related to PFM. The following are some PETS conducted with specific objectives.

- Uganda: Education PETS 1996 – the objective was to assess why increased public expenditures in the social sectors were not leading to improved social indicators.
- Brazil: Health PETS 2006 – carried out to assess whether the resources transferred to states and municipalities are used for the intended purposes.
- Mongolia: Education PETS 2006 – with the objective of assessing equity and regional disparities in quality.
- Democratic Republic of Congo: Education PETS 2007 – to examine spending processes that precede the payroll expenditure phase at the provincial level.

8. Implementation (350-450 words)

Please describe the implementation modalities or processes, where possible in relation to:

- i) What are the main activities carried out?
- ii) When and where the activities were carried out (including the start date and whether it is ongoing)?
- iii) Who were the key implementation actors and collaborators? (civil society organizations, private sector, foundations, coalitions, networks etc.)?
- iv) What were the resources needed (budget and sources) for the implementation?

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The majority of PETS have been implemented in the Africa region and in the human development sector. Most of the follow-up studies. Education and health have been the most common sectors in which PETS were implemented, although there are examples of the water & sanitation and agriculture sectors. Uganda was the first country to implement a PETS in 1996. The study was motivated by the observation that despite a substantial increase in public spending on education, official reports showed no increase in primary enrolment. The hypothesis was that actual service delivery, proxied by primary enrolment, was worse than budgetary allocations implied as public funds were subject to capture (by local politicians and public officials) and did not reach the intended facilities (schools). To test this hypothesis, a PETS was conducted to compare budget allocations to actual spending at various tiers of government including primary schools.

Activities:

1. There was no clear-cut design for the PETS as this was the pioneer PETS. The goal was to avoid becoming preoccupied with a lack of specific research methods but rather start gathering data while improving on the methodology and questionnaires along the way. After establishing the type of data available, the questionnaire was prepared for further information collection.
2. Adequate public accounts on actual spending were not available so the survey collected 5 years of data on spending (including in-kind transfers), service outputs and school characteristics. Data was gathered at three levels: 250 government primary schools, 18 local governments (districts), and the relevant central government ministries.
3. There were school visits and during a standard visit to a school during PETS, a research assistant introduced himself/herself using appropriate letters of introduction provided by central ministry. In this case the letter was provided by MOFPED and briefly explained the purpose of the study and the type of data required.
4. The target person interviewed was the head teacher or his or her deputy. The questionnaire was filled out for all available information. For data that required extraction from school records, the researcher requested primary documents to extract appropriate data or worked with the head teacher or another person responsible.

9. Results – outputs and outcomes (250-350 words)

To the extent possible, please reply to the questions below:

- i) How was the practice identified as transformative? (e.g., impact on policies, impact on management processes, impact on delivery arrangements or education monitoring, impact on teachers, learners and beneficiary communities etc.);
- ii) What were the concrete results achieved with regard to outputs and outcomes?
- iii) Has an assessment of the practice been carried out? If yes, what were the results? *

The most well-known finding of the Uganda PETS was that on average only 13 per cent of the annual capitation grant (per student) from the central government reached schools in 1991-1995. District officials captured 87 percent for purposes unrelated to education and considered 'leakage'. This figure served as a striking confirmation of initial suspicions that the finance link was failing. It led to policy changes in Uganda and to widespread emulation of the PETS in other countries. It is therefore worth taking a moment to focus on what the finding means.

The average across schools, masks differences among schools. Most schools received very little or nothing. Based on yearly data, 73 per cent of the schools received less than 5 per cent while only 10 per cent received more than 50 per cent of the intended funds. The picture looks slightly better when constraining the sample to the last year of the survey period. Still, only 22 percent of the total capitation grant from the central government reached the schools in 1995.

Although there is indirect evidence that part of the leakage was theft as indicated by numerous newspaper articles on indictments of district education officers after the survey findings went public, anecdotal evidence suggests that funds were largely used for patronage politics and the funding of political activities. For example, information collected during the survey suggests that funds were used to increase allowances for councillors and local officers.

Following publication of the first PETS findings in 1996, the Ugandan central government made a swift attempt to remedy the situation. It began publishing the monthly intergovernmental transfers of public funds in the main newspapers, broadcasting information on them on radio and later on requiring primary schools to post information on inflows of funds for all to see. This not only made information available to parents but also signalled to local governments that the centre had resumed its oversight function.

10. Lessons learnt (300 words)

To the extent possible, please reply to the following questions:

- i) What were the key triggers for transformation?
- ii) What worked really well – what facilitated this?
- iii) What did not work – why did it not work? *

Lessons learnt from different PETS conducted range across different areas i.e., planning, implementation, and dissemination & follow-up.

Planning:

- It is important to determine whether PETS is the right tool: PETS have been most effectively implemented and used in cases where, on the Bank's side: (i) the time, human resources, and funding allocations in the planning phase were sufficient; and (ii) bottlenecks and policy questions were thrashed out and taken into consideration in the PETS design.
- Invest enough time and thought in the planning stage, typically 3–6 months depending on the country context and previous diagnostic work. Successful planning for PETS would include mapping the respective resource flows, determining the scope for leakage, and establishing how the various public expenditure flows are being recorded.
- Set appropriate and attainable objectives based on the country context and available information: Quantifying leakage should not be always considered a main objective of PETS.
- Have a fact-finding mission for an institutional assessment, mapping of roles and responsibilities of relevant actors, and review of stakeholders: A detailed institutional understanding would be greatly enhanced by being in the field and seeing the way public resource allocation actually works on the ground.
- Evaluate the trade-offs of covering single versus multiple types of expenditures or facilities: In many country contexts, there is no effective data collection system; thus, the survey teams have to start with a broad agenda to identify problem areas.

Implementation:

- Recognize that a well-managed process can unleash additional benefits to the PETS survey results: Several teams observed that the consultations, dissemination, and feedback processes created a platform for ministries and individual authorities, who have traditionally been skeptical of each other, to cultivate trust and create the incentive for them to work towards a common goal.
- Understand that it is ultimately the respective sector ministry that needs to be the main actor for the implementation of policy: It does not always yield the optimum results to work with the ministry with which there exists established relations (oftentimes the ministry of finance for the Bank team) and bypass other ministries. The ministry of finance has its own incentives, which may or may not be suitable to the agenda.
- To the extent possible, ensure that the mix of individuals in the PETS team have adequate experience in similar type of surveys and substantial country knowledge. An experienced and knowledgeable team may create a more realistic timetable and conduct more suitable activities for this kind of survey. Ideally a PETS team is composed of people with different skills and perspectives, including audit and sector-specific experience.

Dissemination and follow-up.

- Strike a practical balance for making findings from a PETS actionable: The nature of a PETS may range from being purely diagnostic (for example, survey results on leakages), analytical, or even incorporate impact evaluations (for example, assessing the impact of certain interventions).
- Carefully align the timing and dissemination of the PETS results with the event schedules of both government counterparts and the wider public.
- Do not overestimate the capacity and "neutrality" of civil society: Partnerships between the government and civil society or user groups can significantly enhance the capacity of the government and perform an oversight function in ensuring the delivery of services.
- Establish a PETS monitoring and follow-up mechanism: A number of TTLs suggested that the

first PETS should be used as a baseline to pave the way for a more comprehensive follow-up survey.

11. Conclusions (250 words)

Please describe why may this intervention be considered a “best practice”. What recommendations can be made for those intending to adopt the documented “best practice” or how can it help people working on the same issue(s)? *

A PETS tracks, locates, and quantifies the flow of public resources across various administrative levels of government. It aims to determine, on a sample basis, how much of the original allocations (financial, salaries, in-kind items) reach the next level of government and, ultimately, service delivery units such as clinics and schools. In seeking to derive representative and credible quantitative information on whether and how much funds actually reach points at the end of the public expenditure chain, a full-fledged PETS will typically need to collect information concerning the expected and actual receipt of public funds for several dozen, if not hundreds, of front-line service delivery points. The Uganda PETS proved that PETS is a good practice evidenced by the fact that, following its implementation, several other PETS have been conducted around the world with well documented success stories. For any country seeking to replicate the Ugandan experience, a note would be that: to assess the impact of the information campaign, it is not enough to simply compare schools with and without newspapers as newspaper (or any other news sources) access may be endogenous and there may be a spill-over effect from schools that are informed about their entitlement to those that are not. If a district official responsible for sending funds to schools cannot distinguish between informed and uninformed schools or if teachers learn about a school's entitlement from their peers in other schools, then a simple comparison of schools with and without newspapers may severely underestimate the impact. Using an instrument to address such endogeneity and potential spill-over effects may bring about better results.

12. Further reading

Please provide a list and URLs of key reference documents for additional information on the “best practice” for those who may be interested in knowing how the results benefited the beneficiary group/s. *

World Bank (2009). Implementing Public Expenditure Tracking Surveys for Results: Lessons from a Decade of Global Experience.
<https://openknowledge.worldbank.org/bitstream/handle/10986/11104/528200BRI0prem10Box345583B01PUBLIC1.pdf?sequence=1&isAllowed=y>
 World Bank. Public Expenditure Tracking Survey (PETS) in Education.
http://web.worldbank.org/archive/website01001/WEB/0__CON-8.HTM
 UNESCO (2004). Public expenditure tracking surveys in education.
https://unesdoc.unesco.org/in/documentViewer.xhtml?v=2.1.196&id=p::usmarcdef_0000136267&file=/in/rest/annotationSVC/DownloadWatermarkedAttachment/attach_import_b9bf804c-14fe-41e8-931b-3fb6a0325cc3%3F_%3D136267eng.pdf&locale=en&multi=true&ark=/ark:/48223/pf0000136267/PDF/136267eng.pdf#%5B%7B%22num%22%3A424%2C%22gen%22%3A0%7D%2C%7B%22name%22%3A%22XYZ%22%7D%2C0%2C595%2Cnull%5D