

## Public Expenditure Tracking

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### Tool 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 effectively reach their intended beneficiaries. It can help identify and address problems and weaknesses in systems of public expenditure, transfer and service delivery. It is also effective in revealing corruption and detecting the exact location of leakages.

Public expenditure tracking usually involves some form of both quantitative research such as for e.g. verifying financial accounts to monitor the actual flow of funds and qualitative research such as for 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 of government like for e.g. the National Treasury through its various layers to the final beneficiaries viz. the end users of public services or programmes like school or health centre etc. Such an undertaking requires substantial expertise, resources and coordination between actors from the national to the grassroots levels. For example, the [Public Expenditure Tracking Surveys \(PETS\)](#) supported and implemented by the [World Bank](#), 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 is it done?

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 problems of corruption, inefficiency, or non-performance in one specific facility or a government service or to bring about broader sector-wide reforms. It is important to clearly determine the purpose of the initiative, as this will affect how the tracking exercise is designed, whom to involve, the amount of resources required, etc.
- With regard to the scope, the exercise might target an entire sector like for e.g. health, a particular government programme within a sector such as the provision of free medication for pregnant women, a particular geographic area like for e.g. the health facilities in one district or one particular public service provider like for 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 a local government unit.

## 2. Identify partners and key stakeholders

- Depending on its nature and scope, expenditure tracking can be a technical, expensive exercise which calls for establishing partnerships or relationships with key individuals and groups to support and inform the tracking process. Therefore it is important to identify able and credible partners such as think tanks, policy institutes, financial/accounting specialists or other local, national or international NGOs or donors, to derive support and assistance.
- Tracking the distribution of money from source to recipient may 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 the national 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
- It is important to identify 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 would be useful to conduct some rapid initial research to

determine the nature of the existing data, the effort required to access it and the types of quantitative and qualitative research that would be required.

- Along with key stakeholders and informants, trace the expenditure process from origin to destination. This would 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 the case may be.
- Expenditure tracking exercises usually involves two steps:
  - Tracing fund flows such as for e.g. from the Treasury to the Ministry and then to banks and finally to the local government or facility; and
  - Assessing the reasons for dysfunctional practices or inefficiencies at each stage.
- Research surveys should be designed to identify and explore key issues that are perceived to be contributing to corruption, inefficiency, poor performance or limited access.
- For the survey work, determining a representative sample must be in consideration of budgetary, time, and human resource constraints.
- Research surveys are typically designed to assess the following factors:
  - Characteristics of the public service/programme in question like size, infrastructure, number of clients/users, etc;
  - Financial arrangements- the quantum of budgetary allocations made to the service/programme being surveyed and the sources and efficiency of the flow of funds;
  - The amount of human and material Inputs required like for e.g. in the case of a school, the required number of teachers, desks, books etc
  - The outputs in terms of the quantity and quality of goods/services delivered.
- Triangulation of data using multiple sources to assess a particular research question can be used to help obtain accurate responses.
- The type of analysis carried out 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 extremely important to ensure that findings are accurate, honest and constructively critical. It is a good practice to share the findings first with concerned government

agencies 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 very outset and work together to ensure that key findings are widely disseminated in a language and format that can be easily understood by the general public. Consider using multiple modes of mass media like radio, television, internet, newspapers as well as published reports, brochures, public notice boards, workshops, public meetings and citizen-government forums. Wider dissemination of research findings and recommendations makes it difficult for government to ignore the exercise.
- Use the findings to address key questions of public priority such as: are marginalized groups like the poor, women, children and so on are being reached?; is corruption consuming the resources meant for public expenditure?; and should public expenditure or service delivery systems be altered to achieve greater impact?
- Engage government authorities in order to draw their attention to the identified problems and to advocate the necessary improvements.
- Provide legislators and policy-makers with accessible summaries and clear recommendations on how to address identified shortcomings. Form joint working groups involving the government and the 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. However, since, this involves long-term commitment and resources, it is preferable that the practice be gradually 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 budgetary allocations and whether transfers/services are effectively reaching the targeted groups.

### **Challenges and lessons**

- Obtaining access to relevant accounts and financial reports can be a major 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 for more on how to advocate for freedom of information legislation)
- 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.

## Key resources

Dehn, J, Reinikka, R, & Svensson, J. *Survey Tools for Assessing Service Delivery* World Bank Development Research Group. Washington, D.C. (2002)  
[http://citeseer.ist.psu.edu/cache/papers/cs/26199/http:zSzzSzecon.worldbank.orgzSzf16094\\_survey.tools.for.assessing.sd.june2002.pdf/dehn02survey.pdf](http://citeseer.ist.psu.edu/cache/papers/cs/26199/http:zSzzSzecon.worldbank.orgzSzf16094_survey.tools.for.assessing.sd.june2002.pdf/dehn02survey.pdf)

☞ A comprehensive guide for implementing Public Expenditure Tracking Surveys and quantitative service delivery surveys.

Centro de Investigación y Docencia Económicas, Mexico (CIDE)

[www.cide.mx](http://www.cide.mx)

☞ Part of the network of highly specialized public centres for research and higher education coordinated by the National Council of Science and Technology (Conacyt), CIDE is fully committed to contributing to the development of Mexico through its demanding academic programs; rigorous, relevant research; and links to the public, private, social, and academic sectors.

Developing Initiatives for Social & Human Action (DISHA), India

[www.disha-india.org](http://www.disha-india.org)

☞ DISHA is a mass-based organization in the Western Indian state of Gujarat that started in 1985 with the aim of altering societal power relationships in favor of the poor to produce social change. DISHA has done pioneering work on expenditure tracking in the Indian context.

Hakikazi Catalyst, REPOA and TGNP. *Follow the Money – A Resource Book for Trainers on Public Expenditure Tracking In Tanzania.* .

[http://www.gender-budgets.org/component/option,com\\_docman/task,doc\\_download/gid,239/](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.

Heimans, J. *Strengthening Participation in Public Expenditure Management: Policy Recommendations to Key Stakeholders* OECD Development Centre, Paris. Policy Brief No. 22. (2002)

<http://puck.sourceoecd.org/vl=12081533/cl=14/nw=1/rpsv/cgi-bin/wppdf?file=5l9t4hqc0ps0.pdf>

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

International Budget Partnership (IBP)



[www.internationalbudget.org](http://www.internationalbudget.org)  
<http://ibp.forumone.com/cgi-bin/texis/webinator/search4?query=Public+Expenditure+Tracking+Survey&pr=IBP1&prox=page&rorder=500&rprox=500&rdfreq=500&rwfreq=500&rlead=500&sufs=0&order=r&cq=&cmd=context&id=4ae298016#hit1>

☞ This section of the IBP website offers links to numerous IBP documents contain information and case studies on PETS. [The Open Budget Initiative](#), launched by IBP is a global research and advocacy program to promote public access to budget information and the adoption of accountable budget systems with a dedicated website that contains useful information on expenditure tracking.

IDASA –Institute for Democracy in Africa, South Africa

[www.idasa.org.za](http://www.idasa.org.za)

☞ Idasa is an independent public interest organisation committed to promoting sustainable democracy based on active citizenship, democratic institutions, and social justice. Idasa is a recognised public interest organisation in Africa. Idasa's website contains useful resources on monitoring government budgets.

Lindelow, M, Ward, P and Zorzi, N. *Primary Health Care in Mozambique: Service Delivery in a Complex Hierarchy*. World Bank. Washington (2004)

[http://www.opml.co.uk/policy\\_areas/statistics/quantitative\\_information\\_for\\_policy\\_and\\_programme/pf2203\\_mozambique.html](http://www.opml.co.uk/policy_areas/statistics/quantitative_information_for_policy_and_programme/pf2203_mozambique.html)

☞ This useful report presents the findings of an expenditure tracking and service delivery survey of Mozambique's national primary health care system carried out in 2002.

OMB Watch, Washington.

<http://www.ombwatch.org>

☞ A non-profit research and advocacy organization formed in 1983 to promote public transparency, accountability and citizen participation in the US. It was set up as a watch on the White House Office of Management and Budget.

Pyun, H.B. *Audit and Civil Society: The Korean Experience*. International Journal of Government Auditing (2006)

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

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

Ramkumar, V. *Our Money, Our Responsibility: A Citizens' Guide to Monitoring Government Expenditures*. International Budget Project. Washington (2008)

<http://www.internationalbudget.org/resources/expenditure/IBP-Expenditure-Monitoring-Guide.pdf>

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

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

<http://unesdoc.unesco.org/images/0013/001362/136267e.pdf>

☞ This report describes the methodology for using PETS in the education sector as well as analyses experiences of PETS from Uganda, Peru and Zambia.

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

<http://www.cmi.no/publications/file/?3195=following-the-money>

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

Sundet, G. *Public Expenditure and Service Delivery Monitoring in Tanzania: Some international best practices and a discussion of present and planned Tanzanian initiatives*. U.S.AID (2004).

☞ As the title of the paper suggests, the paper discusses PETS in the Tanzanian context against the backdrop of international experiences in social accountability practices

UN Department of Economic and Social Affairs. New York (2005). *Auditing for Social Change: A Strategy for Citizen Engagement in Public Sector Accountability*

[http://www.quebec.ca/observgo/fichiers/97346\\_DAEP1.pdf](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.

## World Bank: Public Expenditure Tracking Survey

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALDEVELOPMENT/EXTPCENG/0,,contentMDK:20507700~pagePK:148956~piPK:216618~theSitePK:410306,00.html>

This section of the World Bank's website provides a brief description on PETS and gives links to other useful articles and case studies

## 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 source of information for Ugandan PETS are:

- Using Surveys for Public Sector Reform (1999)  
<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-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/1998/06/01/00009265\\_3980702115711/Rendered/PDF/multi\\_page.pdf](http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/1998/06/01/00009265_3980702115711/Rendered/PDF/multi_page.pdf)

### *Government Watch (G-watch) Philippines*

G-watch is one of the pioneering organisations in participatory output tracking. Owing to reports of corruption, nepotism and poor delivery quality, G-Watch investigated the handling of lucrative contracts for government school text books. The initial investigation found critical discrepancies between the number of books ordered and the number delivered and that the 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 the suppliers. 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 shown a positive change in the contract process marked by



greater efficiency, quality and accountability. The key sources of information are:

- 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 MDMS service providers across the State. CART tracked the release of funds and food grains across the 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 the implementation of MDMS and that 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. Key sources of information are:

An Assessment of the Mid-day Meal Scheme in Chittorgarh District, of Rajasthan, India World Bank Sustainable Development Department, Social Accountability Series, Note No. 3. (2007)

- [http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2007/11/21/000020953\\_20071121134843/Rendered/PDF/415070Case31Ra1August0200701PUBLIC1.pdf](http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2007/11/21/000020953_20071121134843/Rendered/PDF/415070Case31Ra1August0200701PUBLIC1.pdf)
- <http://www.siteresources.worldbank.org/INTSOCACCEMSEGOV/Resources/Case3RajasthanCUTSSAcAugust2007.pdf>

*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. Key sources of information are:

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

