



WORLD BANK GROUP

MACROECONOMICS AND FISCAL MANAGEMENT

World Bank PER Stocktaking

Edith Kikoni
Economist
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Outline of the Presentation

1. Introduction

2. Core statistics on the sample PERs

including country type (e.g. income level), level of government analyzed, number of sectors covered, analytical topics covered

3. Main Findings: strongest features

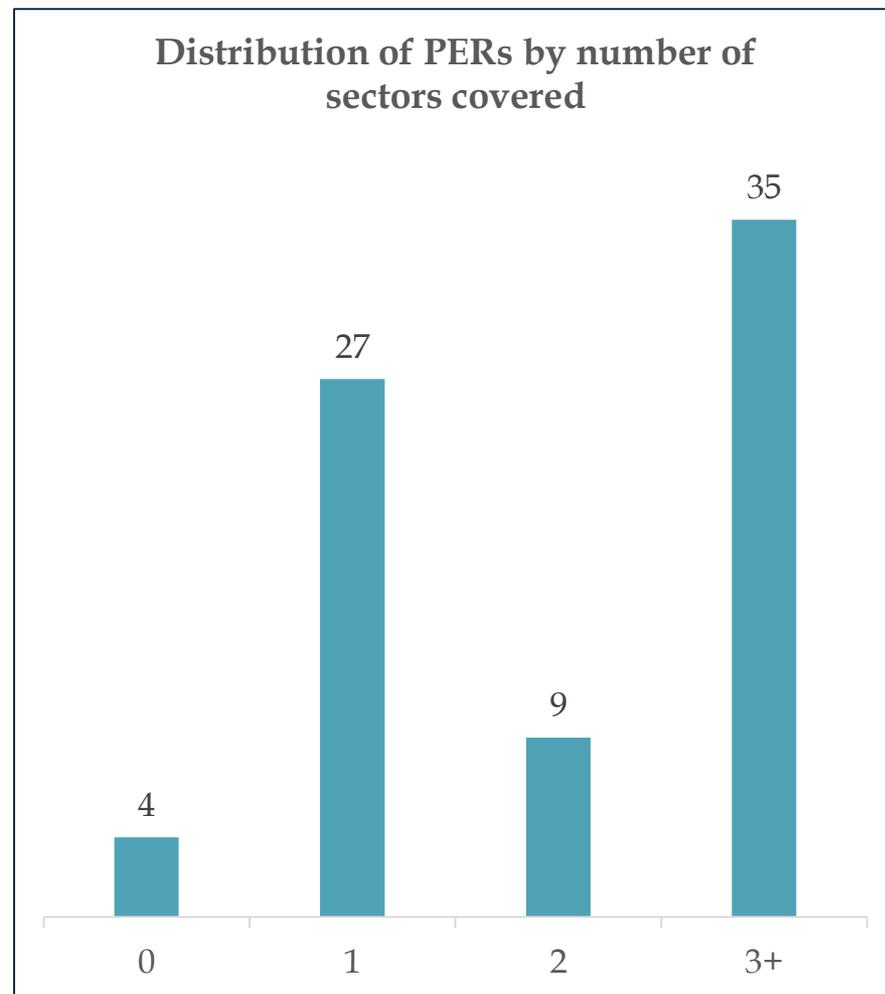
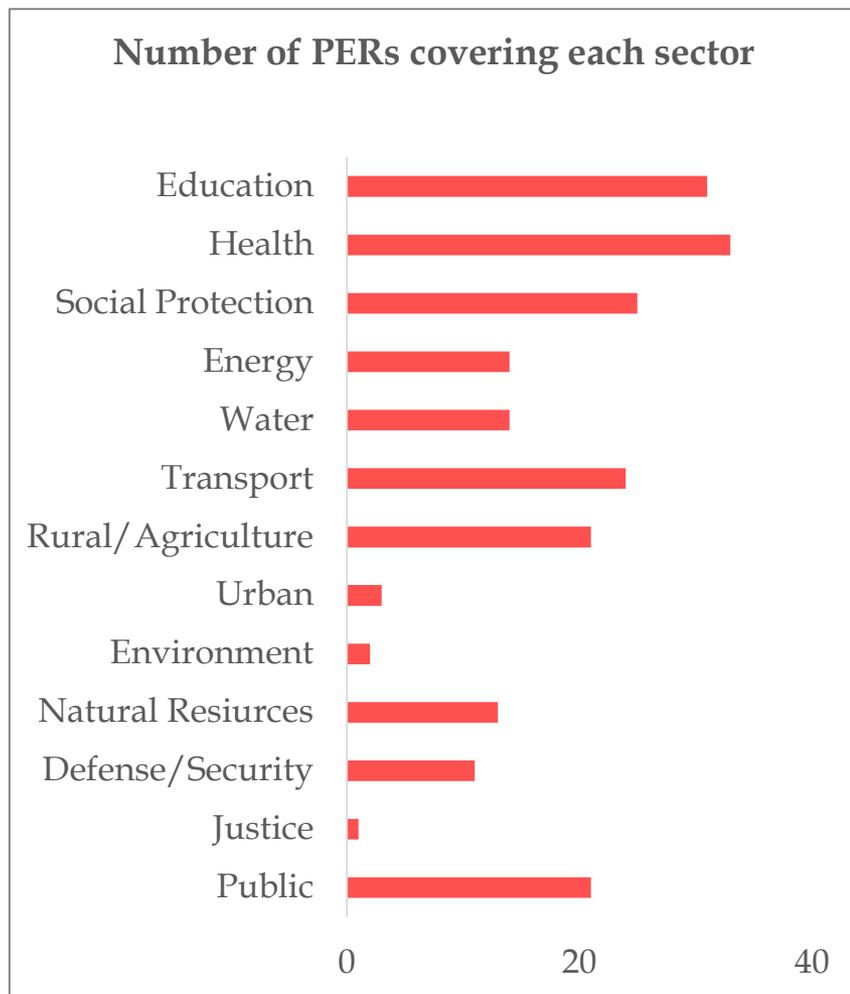
Introduction

- Completed in 2015
- Provides multi-dimensional profile of PERs undertaken between FY11 and FY14: sectors covered, analytical topics examined, analytical techniques used.
- Purpose: highlight the analytical techniques and innovative approaches used in recent PERs.

Characteristics of the PERs studied

- The majority (77%) of countries characterized as middle income
- 15% focused exclusively at subnational government finance while the rest looked primarily at fiscal accounts of the consolidated governments
- 61% produced as stand-alone reports. The remaining 39% (covering 11 countries) done as part of programmatic series; just one country, Indonesia, contributed 12 of the 29 programmatic PERs.
- Breadth of sectoral coverage: nearly half covered three or more sectors.
- Preference for social sectors, as well as social protection/pensions, transport, agriculture, and public administration/civil service

Characteristics: Breadth of PER sectoral coverage



Main Findings

The strongest features of the PERs:

- analysis of efficiency/identification of opportunities for efficiency gains,
- Broad coverage and effective coverage of both national and sub-national governments;
- relevance to the country context/needs informed by highly developed, country- and sector-relevant international benchmarking
- coverage of poverty and inequality;
- promising innovations that could be scaled up or mainstreamed
- Participatory Approach

Analysis of spending efficiency

Focused mainly on particular sectors, most notably in health and education

Analysis of budget spending efficiency in infrastructure sectors also common.

Turkey, FY13: value-for-money analysis in railways

Honduras, FY14: Analysis of efficiency in service provision in water and sanitation depending upon management model of service providers. The efficiency of providers was measured by indicators such as Employees per 1,000 connections, Metering levels, etc.

Jordan, FY13: Cost analysis to identify factors of service inefficiency in the water sector

Analysis of efficiency: Main Analytical Instruments

- analyses of variation of selected sector indicators, such as student/teacher ratios, over time and between different geographical areas.
- Cost-benefit analysis
- Data Envelopment Analysis (DEA)
- Public Expenditure Tracking Survey (PETS) used to illustrate the scale of budget money leakages eg Paraguay (2014) PER , Ghana, FY11; analyzed the case of school financing
- Regression analyses: Used in 14 sample PERs (19%), and again mostly in education and health. Noteworthy examples include:

Paraguay, 2014: analysis of the link between subnational budget spending per capita and outcomes in health/education (also Peru, FY12; Guatemala, FY12)

Philippines (Education), FY13: Regressions to identify determinants of spending efficiency/learning outcomes at the school/regional level (also Armenia, FY12)

Mauritius, FY13: Correlation analysis of factors explaining differences in unit costs in education

Tanzania, FY13: Correlation analysis between health sector inputs and outputs

Relatively innovative/advanced technique for expenditure analysis

Pakistan Khyber, FY13: Geographical Information System (GIS) to analyze school location, which then was utilized to assess efficiency of educational investments

Philippines, Education, FY13: Rasch analysis technique to assess the rate and impact of School Based Management (SBM) implementation

Indonesia/BLT, FY12: Analysis of impact of the temporary unconditional cash transfer (BLT) program on recipients' welfare using a triple difference strategy

Cambodia, FY12: Estimates of economic return to public expenditures (NPV-based) in agriculture (rural roads, irrigation, and extension)

Belarus, FY13: Regression analysis to estimate the economy of scale in public spending (across local governments)

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PER Coverage

- Coverage in the most PERs focused on the consolidated general government budgets.
- Some PERs also look at some of the main extra-budgetary funds (such as pension funds), central banks' balance sheet, and consolidated financial results of state-owned enterprises (SOEs).
 - The performance of public pension systems analyzed in 22 (29%) of sample
 - Considerable attention to various aspects of SOEs performance - 27 reports (36%). Main focus of analysis on financial results of SOE performance and associated subsidies – useful insights on costs of subsidies (19 PERs, 25%). Broad range of subsidy affected sectors, including power, water, irrigation, heating, transportation, as well as (on the consumer side) fertilizers, food, and fuel

PER Coverage

Contingent government liabilities also reviewed. The analysis under this theme focuses on risks associated with unsustainable operations of both state pension systems and state enterprises, including state-owned banks

Examples:

Uruguay, FY13: contingent liabilities related to operations of SOEs in the power sector

Turkey, FY13: potential liabilities deriving from PPPs in the road sector

Quasi-fiscal expenditure of the governments is another theme in PER analysis, but has so far been limited. Just five PERs out of 75. Interesting examples:

Thailand, FY12: off-budget borrowing by the government

Tanzania, FY11: off-budget government investments on new oil developments

Jordan, FY13: implicit tariff subsidies to consumers by government-owned utilities

Participatory Approach

Most common prototypes:

- The country-led PER –substantial client leadership but active Bank support.
- The Bank-led participatory PER –overall management by the Bank but substantial participation by clients in data-gathering and analysis

Participatory approach followed, joint responsibilities assigned to government in carrying out the work, plus efforts to work with groups responsible for the external oversight in a country (the legislature, the supreme audit authority, civil society organizations)

Advantages: client ownership and ultimate impact significantly higher. Information sharing and dialog with all relevant stakeholders during process, strengthening capacity



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Thank you