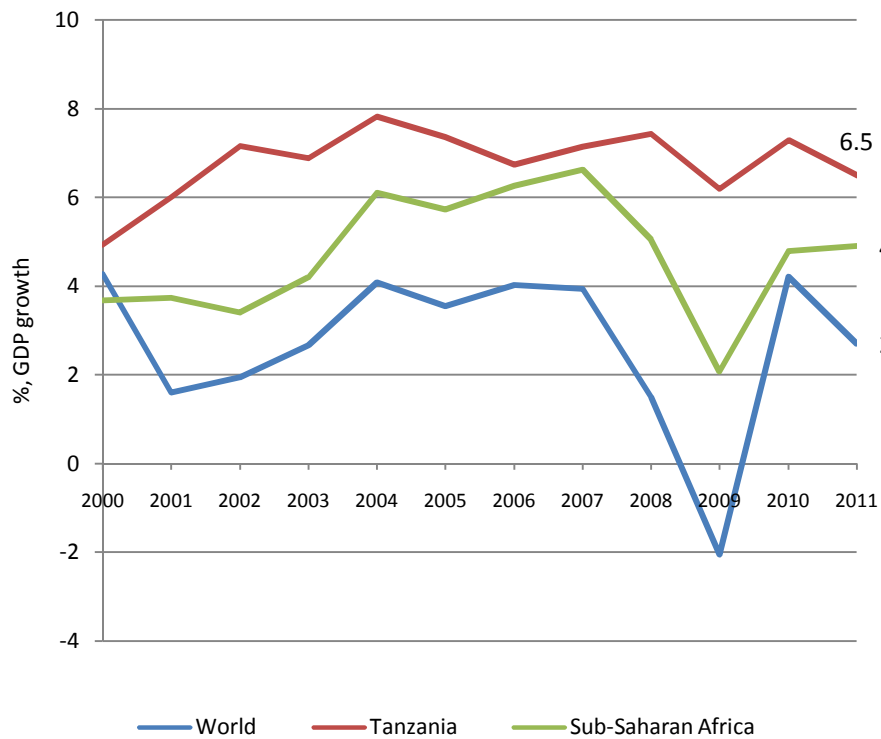


Value for Money in public programmes and development projects

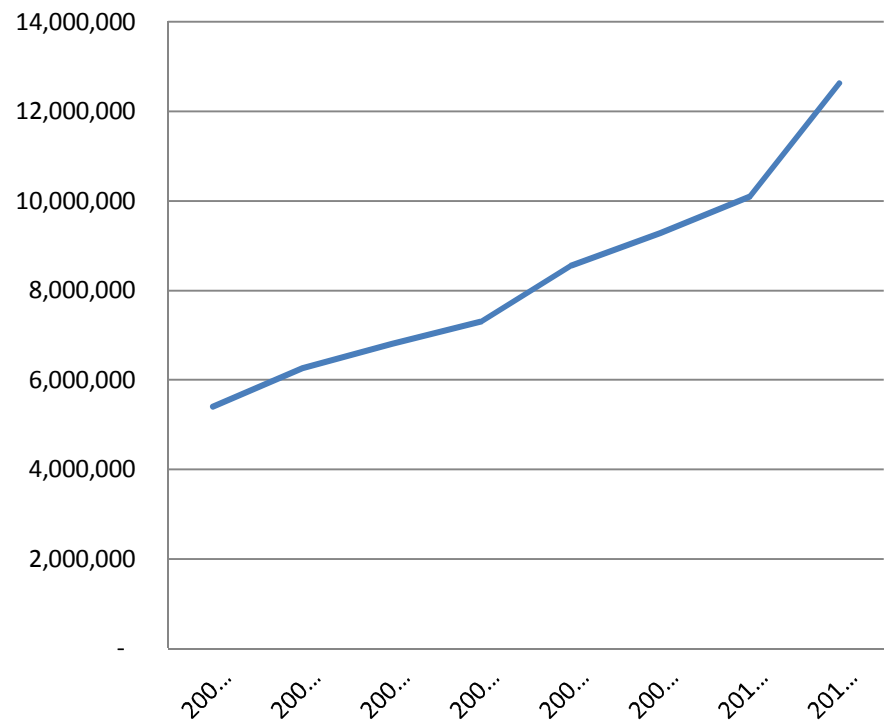
Stevan Lee, Senior Economist, World
Bank, Tanzania

Economic Performance and Public Spending in Tanzania

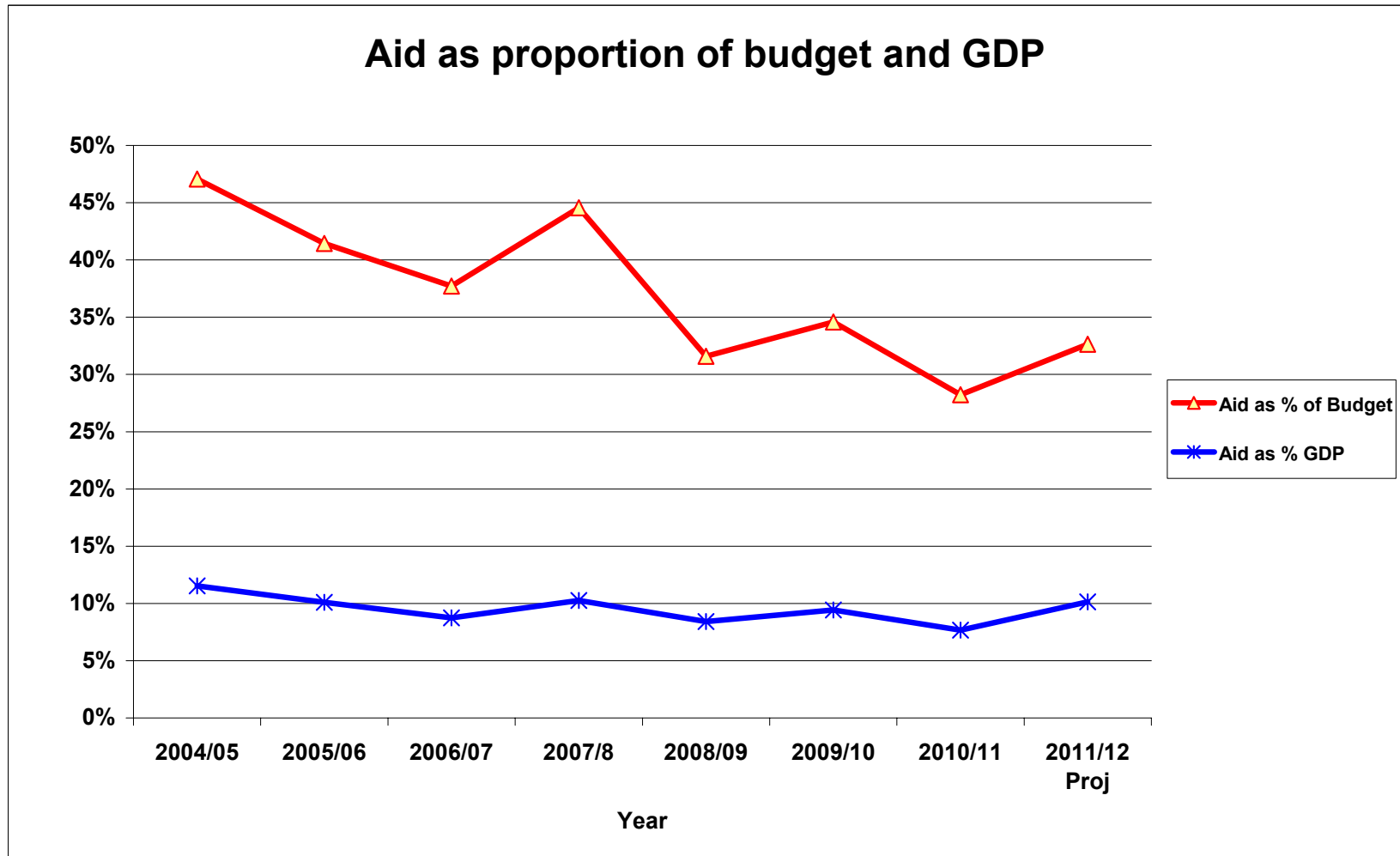
Tanzania's growth over the past decade



Public Expenditure 2011 prices



Aid Remains Important



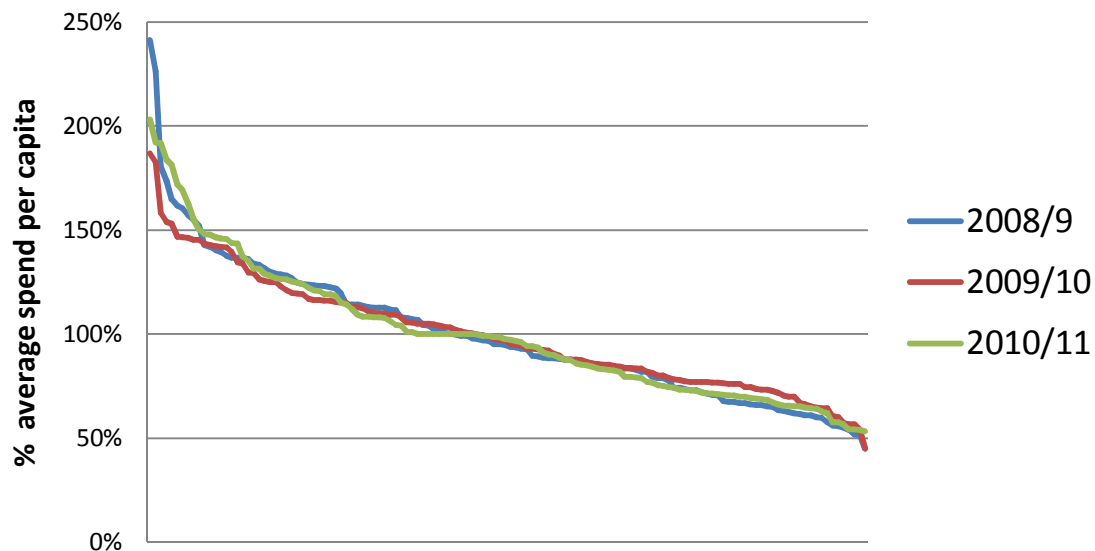
Importance of Value for Money

- Tax is costly to collect and distorts the economy
- The best public services and projects are extremely high value – what about the marginal?
- Aid is a substitute for tax and so need for VFM is equally important
- If public spending is 30% of GDP, the difference between best value and waste could be very significant for growth

Example of Education

- Well known problem of under-resourced districts – inefficient – what is done?

Large disparities in Primary Education expenditure per capita across districts



- Unequal spending highly correlated with unequal results
- There are decreasing returns with inputs (teachers) likely to have much more impact in districts on RHS of graph
- 25% efficiencies possible

Example of Education

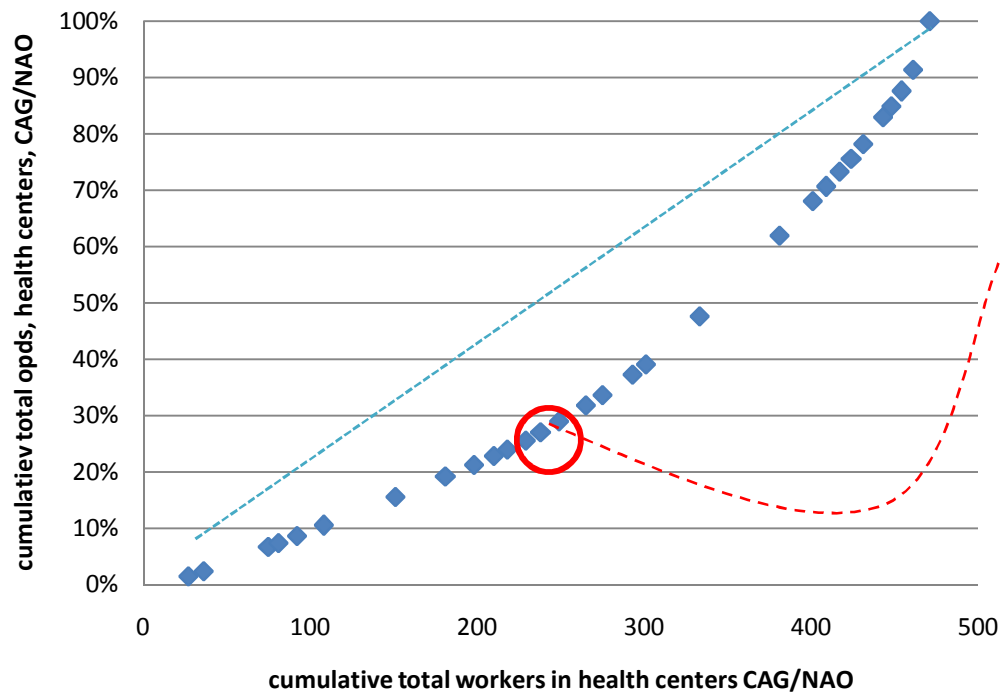
- Well known problem of persistently poor performing districts/schools – what is done?

Same resources but different pass rates

Mbulu District:	Public Expenditure/child, 66,000/= , PSLE pass rate >100%
Nachingwea District:	Expenditure/child, 67,000/=, PSLE pass rate should be 56% but actually only 39%

Example of Health

- Well known problem of under-used facilities –
What is done?



Half the workers do only 30% of the work of these health centres

High Investment Sectors

- Failures in long term planning can produce hasty investment programmes and poor prioritization
- Procurement can be very important in the value for money of investment
- These factors multiply

Routine examination of VFM: Performance Audits

- NAO's performance audits represent excellent progress in grappling with VFM issues in Tanzania.
- 9 PAs on website

Routine Examination of VFM: Public Expenditure Reviews

- PER is an enquiry into VFM in and across sectors and can include other sectoral issues – typically led by Ministry of Finance
- Some very externally driven work exists including a big chapter on education the World Bank's 2010 PER, forthcoming chapter on health too.
- High level support for “re-launching” the PER process exists but Ministry of Finance involvement minimal in recent years and no clear interest in findings

Can Spending Ministries Look at VFM?

- Some spending ministries have conducted PER exercises.
- But what are the incentives on spending ministries in identifying inefficiency and waste, as opposed to identifying need?
- Intelligent semi-external leadership is thought to be needed to penetrate true VFM issues

Parliament and VFM

- Parliament authorizes revenue collection and expenditures
- Takes interest in budget execution – was the budget implemented according to plan?
- What about the quality of the budget? Good prioritization, good management and/or best value procurement?
- How is Parliament Informed?

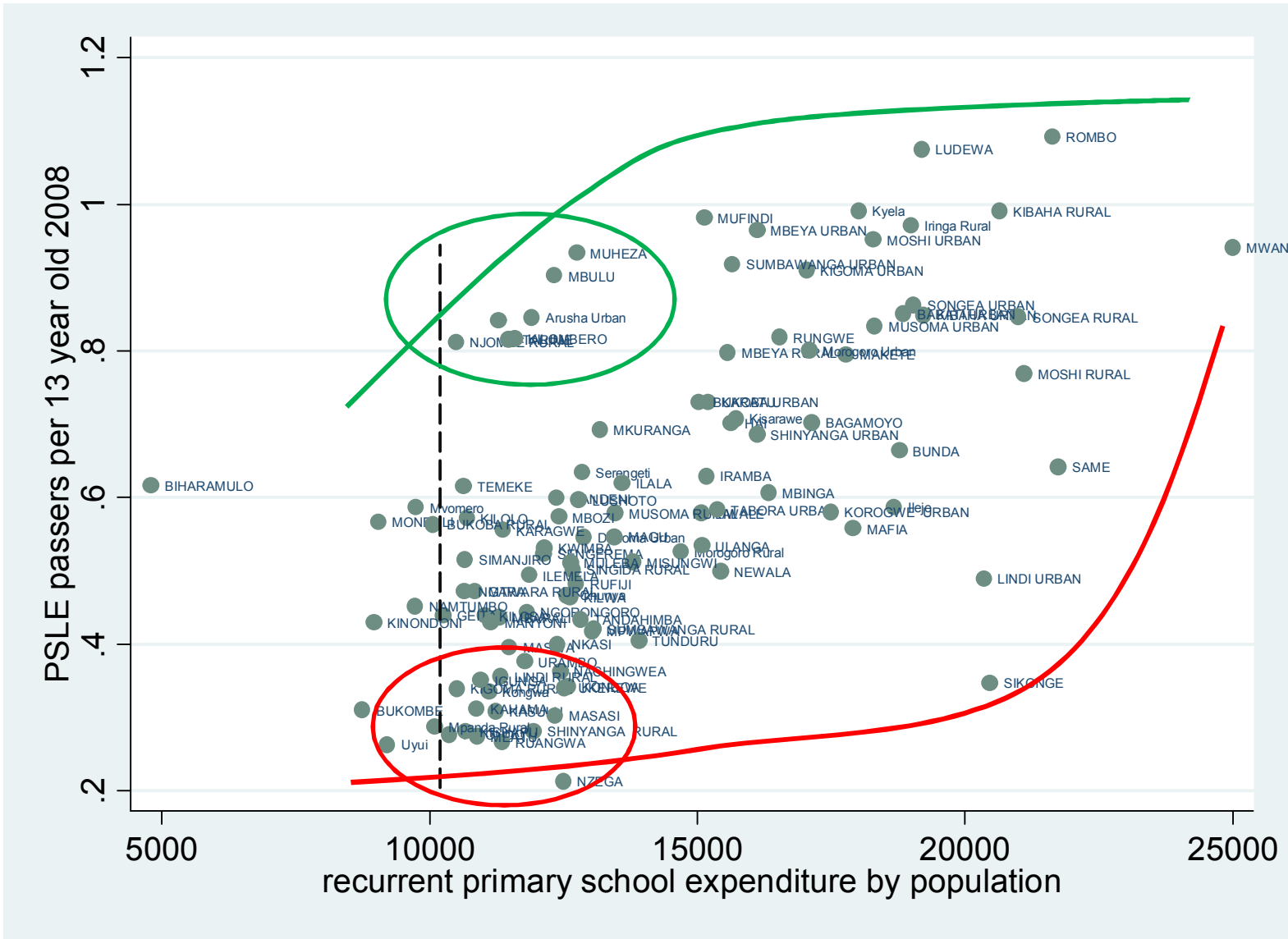


Table 17: Some of the Most Efficient Primary School Districts in Tanzania

(2008 data and prices)	Public expenditure per passer (unit cost)	Efficiency (high is good)	Public expenditure per capita (for primary)	Child population per primary teacher	PSLE passers per 100 13 year olds	% poverty rate	Under five mortality per thousand	Adult literacy rate (%)
SUMBAWANGA								
URBAN	690,360	1.36	15,657	45.3	100.2	27.4	138.0	77.2
LUDEWA	722,647	1.37	19,195	37.8	117.3	24.1	159.5	81.6
KYELA	736,148	1.43	18,020	42.0	108.1	23.8	172.0	74.4
NJOMBE								
RURAL	718,514	1.46	10,499	43.0	88.6	25.0	165.5	79.0
KILOMBERO	574,287	1.47	11,581	46.6	89.1	29.0	160.0	75.2
MUFINDI	624,326	1.54	15,128	40.7	107.0	32.3	159.5	76.0
MBULU	553,223	1.76	12,332	40.1	98.5	49.3	107.0	66.6
Average this group	659,929	1.48	14,630	42.2	101.3	30.1	151.6	75.7
Average district	1,062,499	0.99	13,869	45.6	64.5	34.3	151.0	68.5

Table 18: Some of the least Efficient Primary School Districts in Tanzania

(2008 data and prices)	Public expenditure per passer (unit cost)	Efficiency (high is good)	Public expenditure per capita (for primary)	Child population per primary teacher	PSLE passers per 100 13 year olds	% poverty rate	Under five mortality per thousand	Adult literacy rate (%)
KONDOA	1,489,672	0.60	12,581	50.5	37.3	20.9	110.0	68.6
MASASI	2,278,683	0.61	12,344	52.0	33.0	37.4	225.0	68.7
UKEREWE	1,488,731	0.61	12,522	50.1	37.2	48.4	176.0	78.1
RUANGWA	1,729,542	0.62	11,352	58.5	29.0	29.7	249.5	58.4
SHINYANGA RURAL	1,719,680	0.63	11,941	62.4	30.7	42.7	145.0	56.6
KASULU	1,475,025	0.63	11,236	62.4	33.7	40.4	109.0	64.4
KIBONDO	1,519,330	0.63	10,376	87.2	30.2	39.4	136.0	59.0
KISHAPU	1,541,079	0.64	10,679	67.1	30.6	45.7	147.0	60.9
SIKONGE	2,390,588	0.64	20,467	66.0	37.8	42.5	139.0	48.6
LINDI URBAN	1,686,152	0.67	20,354	46.5	53.3	18.3	159.0	70.9
MPANDA RURAL	1,608,936	0.69	10,098	67.6	31.3	37.6	164.0	58.0
SAME	1,371,369	0.69	21,743	33.4	70.0	34.1	84.0	89.8
MEATU	1,609,327	0.69	10,886	64.6	29.9	52.9	172.0	54.5
NACHINGWEA	1,389,183	0.70	12,439	52.4	39.6	41.4	197.5	71.0
KAHAMA	1,413,736	0.71	10,883	68.8	34.0	37.3	127.0	56.7
KONGWA	1,342,471	0.79	11,105	62.2	36.5	40.2	195.0	57.5
Average this group	1,628,344	0.66	13,188	59.5	37.1	38.1	158.4	63.9
Average district	1,062,499	0.99	13,869	45.6	64.5	34.3	151.0	68.5