



Choosing Public Expenditure Analytical Tools for Use in the WASH Sector

SUMMARY

This Guideline provides an introduction to the most relevant expenditure analysis tools for the water, sanitation and hygiene (WASH) sector – Public Expenditure Reviews, Public Expenditure Tracking Surveys, TrackFin WASH Accounts and Budget briefs. These tools can provide valuable insights into the public financial management challenges to WASH access and service delivery, and generate evidence to support policy development or resource allocation decisions, or to advocate for reforms.

While all the tools presented here examine public expenditure, they ask different questions, have different levels of technical complexity and will require different levels of data, skills, funding, time and access to national government support and leadership. This Guideline is intended to assist UNICEF staff understand when and how each tool can be used in order to select the most appropriate option for their needs. A list of manuals and detailed guidance documents is included after the description of each tool, as well as examples of its application in the WASH sector.

This area of work provides an opportunity for collaboration between UNICEF WASH and Social Policy teams, to apply public financial tools to support WASH policies and programmes.

Introduction

The objective of this Guidance Note is to provide UNICEF staff working in the water, sanitation and hygiene sector (WASH) with:

- An introduction to the most relevant PFM analytical tools for the WASH sector;
- Guidance on how to select the most appropriate PFM tools for local needs and country context; and
- A list of resources for further information and support

In order to achieve equitable and sustainable WASH services, it is important to be able to understand how public funds are allocated and used across the sector, and be able to assess the quality (efficiency, effectiveness and equity) and adequacy of such expenditure. In addition to

technical and social WASH needs, it is important to consider the cost of providing services and achieving access, and potential sources of funding in order to design strategies and programs that maximize outcomes from available resources.

Water and sanitation services are typically funded from multiple sources, including tariffs from water users, transfers from external sources and public subsidies from government (usually funded by national taxes). In addition to multiple funding sources, the delivery of water and sanitation services can involve multiple government ministries and agencies, as well as private sector and non-government providers. PFM analysis tools can be used to map the complex funding

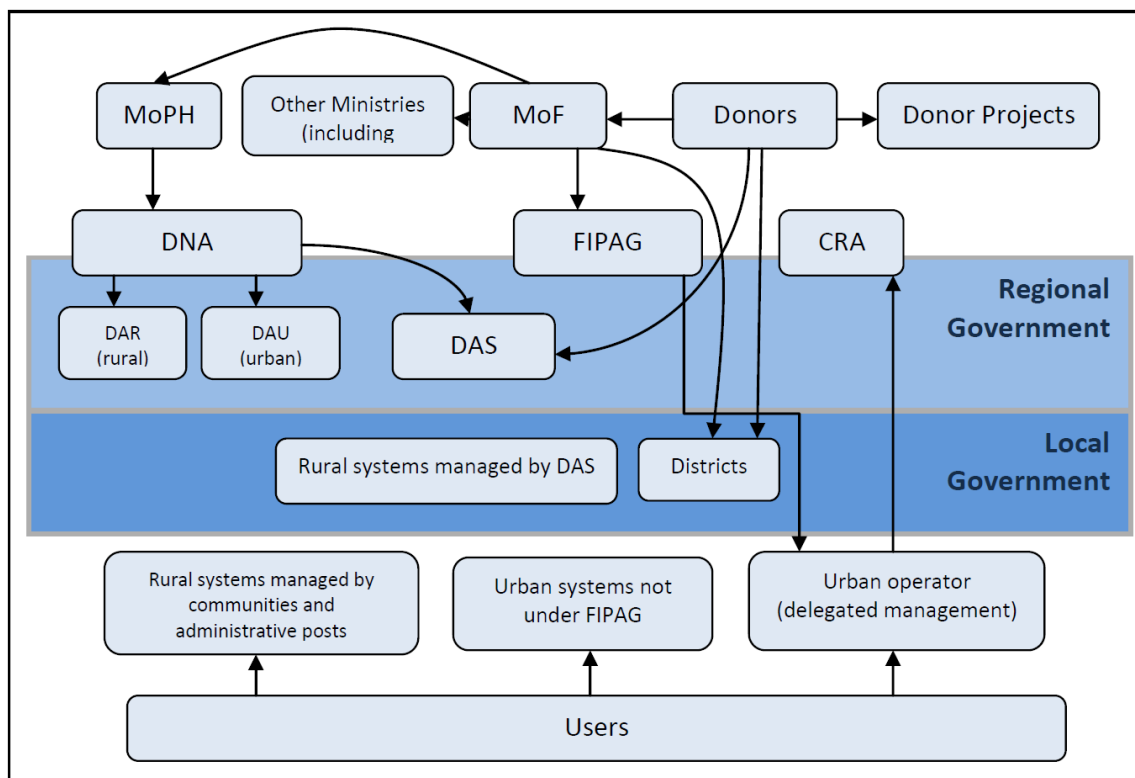
flows in the WASH sector, supporting transparency and accountability as well as policy-based analysis.

Public funding is particularly important in the WASH sector because of the high infrastructure costs, prevalence of natural monopolies and the benefits for public health and the environment. Where public funding is insufficient, used poorly, or concentrated on better-off groups, public expenditure analysis tools can assist in identifying the underlying problem and provide evidence to advocate for reform.

1. Insufficient budget allocation; for example due to fiscal constraints, insufficient policy priority given to the WASH sector or weak links between plans and budgets;
2. Inefficient expenditure; for example due to delayed disbursements, leakages and waste;
3. Ineffective expenditure; for example funding high-cost, low impact services, or investing in capital projects at the expense of recurrent and operational requirements; and
4. Inequitable expenditure; for example disparities between regions, rural and urban areas, or inaccessible services for the poor.

Some common PFM challenges include:

Figure 1: Example of Flow of Funds in Water Supply and Sanitation in Mozambique



World Bank. 2010. Mozambique : Public Expenditure Review for the Water Sector. Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/13220> License: CC BY 3.0 IGO.”

The complex organizational structure and diverse funding streams in the WASH sector make it harder to understand the amount of resources available, and how they are allocated and used. Responsibility for water and sanitation policy is often divided horizontally across multiple government ministries and agencies, vertically

between national and local governments and functionally among the public, private, and non-governmental sectors. Clarifying the roles of the different actors, the different sources and amounts of funding and the way that these resources flow through the sector is an important first step for policy development and advocacy.

UNICEF social policy staff have expertise in using PFM tools to examine the efficiency, effectiveness and equity of public funding, and generating data and evidence to advocate with key stakeholders to inform policy and resourcing decisions. These tools and approaches can also be used to support programme outcomes in the WASH sector.

PFM analysis is most useful as a policy tool when it is applied within an institutional and policy context. WASH sector expertise is crucial to identify opportunities where PFM analysis can be useful, as well as to interpret and apply the findings. UNICEF social policy teams can support the WASH sector in this area, sharing their expertise and experience in applying PFM analytical tools in the field, as well as relationships and insights into government funding and decision-making processes.

Collaboration between UNICEF WASH and social policy teams offers an opportunity to identify PFM gaps, apply new analytical tools and approaches, leverage relationships with government agencies

and Ministries of Finance, and carry the findings and recommendations forward into programme activities and advocacy.

The recommendations and evidence produced through PFM analysis can be used to support dialogue with government agencies in the water and sanitation sector, Ministries of Finance, and Parliamentary budget committees to influence policy and budget decisions. This work can also contribute to planning for UNICEF country programmes, inform delivery of activities in the WASH and social policy areas, as well cooperation with other development partners, NGOs and civil society organizations.

The key PFM tools for analysing expenditure in the WASH sector include:

- Public expenditure reviews;
- Public expenditure tracking surveys;
- TrackFin; and
- Budget briefs.

Public Expenditure Review

What it is

A public expenditure review (PER) analyses the quantity and quality of public spending over time against policy goals and performance indicators. They may cover all government expenditure or focus on one or more priority sectors, such as health, education or water and sanitation. PERs can be used to inform strategic planning and budget preparation and to identify ways in which to improve the efficiency and effectiveness of government resources.

What it tells you

The scope of a PER is flexible and can be adjusted to meet country or sector needs. A PER will typically provide:

- Summary information such as public expenditure per capita, by region or as a proportion of GDP, with current and historical spending and discernible trends.
- Comparison of public expenditure to national and international targets
- Expenditure by category – such as proportion of funds going to capital investment versus recurrent funds for operations and maintenance, as well as rural/urban split or water/sanitation split;
- Bottlenecks or capacity constraints affecting budget execution or policy implementation;
- Costs of programmes, inputs and activities and any funding gaps;
- Comparison of expenditure and performance information, including economy (efficiency in procurement), efficiency (unit costs, input mix), effectiveness (cost per unit by outcome) and equity (distribution of spending and benefits). More detailed work in this area can be undertaken using stand alone analysis with methodologies such as cost-benefit, cost of inaction, value-for-money, expenditure incidence or benefit incidence analysis.

When you would use it

PERs are commonly used as part of the development of a country strategy or to inform the budget planning cycle. A PER can help identify the greatest priorities for resourcing and support the construction of an economic justification to increase or adjust funding. A PER can also

examine the efficacy, efficiency and quality of public expenditures. A PER provides a valuable mechanism for engagement with the government on policy priorities and barriers to service delivery outcomes.

PERs are also used to support policy reform, by comparing the allocation and expenditure of government funds against national policy priorities. PERs can help diagnose spending problems and help countries develop more effective expenditure systems by identifying obstacles to access to services in areas such as planning, budgeting, bottlenecks in the budget execution chain or poor targeting of funds.

Key elements (scope / steps)

A PER typically involves the following steps:

- **Initial scoping:** Define scope of the PER, including period of time, institutions, sectors and geographical area that will be analysed.
- **Data collection:** Gather data, including sector policy and performance data, budget allocations and expenditure estimates and broader geographic, population and economic data from Ministries of Finance and Ministries responsible for water and sanitation. Consult with government representatives as well as partners, private sector providers and water users.
- **Data analysis and recommendations:** Cross-check data, draft PER analysis and prepare recommendations on fiscal, policy or management reforms to improve the economy, efficiency, effectiveness or equity of public finance in the WASH sector

Requirements

- **Data and information:** Includes:
 - o Budget allocations and execution over time, at sector, program and project level. May require geographical or beneficiary level breakdown of data.
 - o Sector policies, plans and performance data.
 - o Economic and social policy data.
- **Skills:** PER team should have experience with the PER model, public expenditure analysis, WASH sector, data analysis, policy

development, working with government, and country context.

- **Time:** Between 2 and 6 months for a single sector or rapid PER. Comprehensive national PERs can take up to two years. Length of time depends on scope (number of sectors / levels of government), size of PER team, access to data, availability of previous analyses, time required for consultation and input from government and non-government stakeholders.
- **Cost:** \$US 50,000 – 250,000. Costs depend on scope (whole country/single sector as well as levels of government). Cost savings are possible where a PER builds on previous analysis, uses a narrower scope, employs local consultants rather than international consultants, and collects data before the review so consultant hours are used for analysis rather than data collection. Recent UNICEF PERs of the health and education sector have cost US \$50-70,000.

Application:

The PER tool was designed by the World Bank, and to date most PERs are still implemented by the World Bank, either alone or in partnership with other development partners. PERs are increasingly popular in the WASH sector, and there is a range of country experience, templates and comparative data to draw upon. The World Bank funded 45 PERs that included the water sector between 2003 and 2010, of which 16 were stand-alone PERs which specifically targeted water (3) or water, sanitation and hygiene (11) (Van Ginneken, 2010; Van Ginneken, Netterstrom & Bennett, 2011).

Limitations

- Access to data. WASH sector PERs have reported data that is incomplete, contradictory, or does not provide required classifications or coverage. WASH financing data can be distributed across multiple sectors with incompatible records. Access to water is often measured using different methodologies between or within countries over time. Governments may not wish to share sensitive public financial information;
- Scope. WASH specific PERs offer considerably more detailed and relevant analysis than national level PERs, which

cover WASH as one of many sectors. Not all PERs in the WASH sector include sanitation and hygiene as well as water, and not all PERs analyze in sufficient depth to separately identify rural and urban WASH issues;

- PFM analysis skills may be difficult or expensive to obtain;
- PERs do not specifically address service delivery issues, such as fund flows or bottlenecks;
- Engagement and endorsement of government is essential to access information and progress recommendations.

References and examples

References:

Manghee, Seema; Van den Berg, Caroline. (2012). *Public Expenditure Review from the Perspective of the Water and Sanitation Sector: Guidance Note*. Water papers. Washington D.C. The World Bank. Available at: <http://documents.worldbank.org/curated/en/667911468340140917/Public-expenditure-review-from-the-perspective-of-the-water-and-sanitation-sector-guidance-note>

World Bank (2009). *Preparing PERs for Human Development: Core Guidance, Specific Guidance for Health, Specific Guidance for Education and Specific Guidance for Social Protection*. <http://siteresources.worldbank.org/EXTPERGUIDE/Resources/PER-Complete.pdf>

Examples:

Bennett, Anthony; Thompson, Darrell; Ginneken, Meike van. 2011. *Sierra Leone - Public expenditure review for water and sanitation 2002 to 2009*. Public Expenditure Review (PER); Water papers. Washington, DC: World Bank. <http://documents.worldbank.org/curated/en/935901468002401508/Sierra-Leone-Public-expenditure-review-for-water-and-sanitation-2002-to-2009>

World Bank. (2010). *Mozambique: Public Expenditure Review for the Water Sector*. Washington, DC. <https://openknowledge.worldbank.org/handle/10986/13220>

UNICEF/EAPRO (2016) *Equity in Public Financing of Water, Sanitation and Hygiene (WASH)*. Analysis from Indonesia, Mongolia and Viet Nam. UNICEF East Asia and Pacific. https://www.unicef.org/eapro/UNICEF_WASH_Financing_and_Synthesis.pdf

Example of WASH PER analytical results:

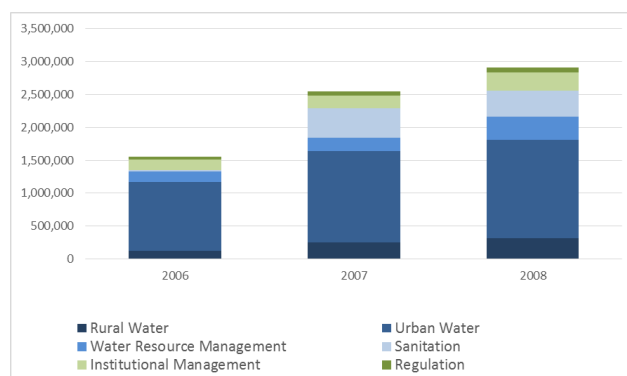
e.g. Sierra Leone Public Expenditure Review for Water and Sanitation 2002 to 2009.

1. Introduction
 - 1.1 Methodology and Data
 - 1.2 Reading this Report
2. Sector Background
 - 2.1 Sector Strategy
 - 2.2 Legal Framework
 - 2.3 Roles and Responsibilities
3. Sector Performance of Water Supply and Sanitation Sector
 - 3.1 Access to Improved Water Sources
 - 3.2 Urban water Supply Sector Performance
 - 3.3 Rural Water Supply Sector Performance
 - 3.4 Use of Improved Sanitation Facilities
 - 3.5 Urban Sanitation Sector Performance
 - 3.6 Rural Sanitation Sector Performance
4. Public Expenditure on Water and Sanitation
 - 4.1 How much is Budgeted for Water and Sanitation?
 - 4.2 How Much is being Spent?
 - 4.3 Sources of Funding
 - 4.4 How is Spending Allocated?
 - 4.5 Benchmarking WSS Public Expenditures in Sierra Leone
5. Budget Execution and Spending Efficiency
 - 5.1 Budget Execution
 - 5.2 Analysis of Budget Execution Chain
6. Conclusion and Recommendations How can Public Expenditure Translate into Better Water and Sanitation Services?
 - 6.1 Running While Standing Still
 - 6.2 Targeting
 - 6.3 Efficiency of Expenditure
 - 6.4 Recommendations – Breaking the Status Quo

Example of WASH PER analytical results:

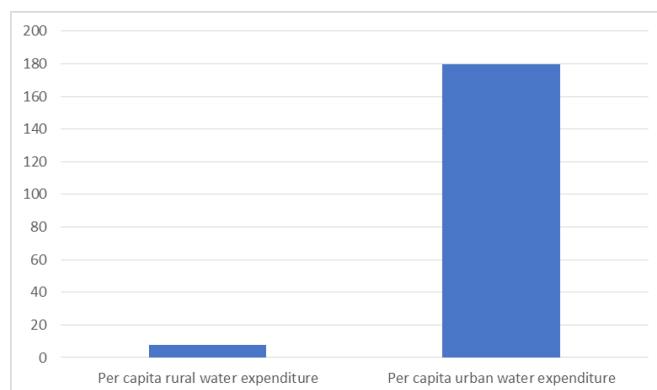
Mozambique: Public Expenditure Review for the Water Sector, 2010.

Total Nominal Expenditure by Sub-Sector ('000 MZN)



Adapted from: World Bank. (2010). Mozambique: Public Expenditure Review for the Water Sector, Figure 6.6, p53.

Urban and Rural per Capita Water Expenditure, 2007 (in MZN)



Adapted from World Bank. (2010). Mozambique: Public Expenditure Review for the Water Sector, Figure 6.9, p57.

Public Expenditure Tracking Survey (PETS)

What it is

A Public Expenditure Tracking Survey (PETS) tracks the flow of resources through the various layers of government bureaucracy, down to the service facilities in order to determine how much of the originally allocated resources reach each level, and how long they take to get there.

What it tells you

A PETS can help identify fund leakage, resource capture or spending bottlenecks, and develop recommendations on how to improve both the efficiency of public spending and the quality and quantity of services. A PETS is particularly useful for analyzing the quality and the equity of spending, and identifying opportunities for improvement, showing:

- how public expenditure systems are actually operating, including the planning and management capacities of ministries;
- delays or volatility in disbursements;
- the equity of final allocation; and
- the performance of accountability mechanisms.

A PETS can be designed to provide the following information:

- how much of allocated resources (funding, salaries, in-kind items) reach each level of government;
- how long it takes for allocated resources to reach each level of government;
- the location and extent of impediments to resource flows (financial, staff, equipment);
- the mechanisms and incentives that underlie public expenditure leakages, capture or impediments to deployment; and
- information on service provider behavior, incentives, and relationship between providers, policy-makers and users.

When you would use it:

PETS are used to explore the link between PFM systems and service delivery. Mapping the flow of funds reveals the processes, rules and mechanisms used to allocate resources within Ministries of Finance as well as agencies responsible for WASH, including sub-national institutions and service providers. This provides concrete examples to support inter-agency dialogue, formalizing and documenting weaknesses which in many cases are suspected but not vocalized.

A PETS can capture information about public financial management in situations where there is limited formal data. A PETS can be purely diagnostic (for example, survey results on funding leakages) or include analytical goals such as impact evaluations (for example, assessing the impact of certain interventions). PETS can be used to identify opportunities to improve the efficiency of public expenditure and public administration procedures, or support anti-corruption and service delivery reforms. A PETS can also be used to improve transparency of frontline facilities budget entitlements, which provides an entry point for citizens and civil society to hold government to account.

Key elements (scope / steps)

A PETS is typically implemented with the following steps:

- **Initial scoping:** Define the objectives and scope of the PETS, including specific expenditure program or program component and the institutions, facilities and resource flows to be covered based on policy needs and measurability;
- **Design and test survey instruments:** considering the chosen institutional sources and flows and potential for incentives to misreport information;
- **Implementation of survey:** interviews with staff in government offices and front-line facilities at each level within the resource supply chain to document systems, processes and movement of resources. Interviews are supported by complementary data collection, including administrative, physical stocks and resource supplies.
- **Data analysis and recommendations:** Review and clean data, undertake any required follow up data collection or data confirmation and prepare policy recommendations to respond to any public financial management, operational or political economy issues constraining the flow of resources to service delivery facilities

Requirements

- **Data/information:** Includes:
 - o National, sector and facility plans and budgets.

- Data on public funding and outputs at ministerial, regional, local and service provider levels.
- Access to financial, managerial and operational staff within ministries of finance, ministries responsible for water and sanitation across national, subnational and service provision facilities.
- **Skills:** A PETS team should have experience with the PETS model, the WASH sector, the institutional and country context, public financial management and public administration systems, survey work and data analysis.
- **Time:** 3-6 months for targeted PETS. Surveys which cover complex government structures, large numbers of facilities or wide geographic areas can take over a year, including survey design, implementation, analysis and socialization.
- **Financial cost:** PETS undertaken by the World Bank in a single sector cost from US\$75,000 to US\$200,000. Survey costs depends on a number of factors, including survey scope, the sample size, geography, and labor costs in the country. The cost of hiring expensive survey firms or senior international experts was a large component of total costs.

Application

The PETS tool was developed by the World Bank and first implemented in Uganda in 1996. Between 1996 and 2009, 47 PETS were completed in over 30 countries, the majority in Africa (66%). While most of these PETS were undertaken by the World Bank, external agencies are increasingly using the tool (21% of 47 studies). The majority of PETS are implemented in the education and health sectors. Only 1 of the 47 PETS completed before 2009 covered water and sanitation.

Limitations

PETS are most useful when (Savedoff, 2008):

1. The unit to be tracked is clearly identified;
2. Lower levels of administration do not have independent funding sources;
3. Lower levels of administrations do not have discretionary powers in the use of funds; and
4. Funds are not disbursed by the central government directly to service facilities.

PETS are often undertaken as part of broader public financial management reviews or reforms

rather than as a stand-alone tool. Many PETS have not translated survey results into reform, raising concern about the impact and actual follow-up effectiveness of PETS. Weak country ownership have limited the achievement of expected results.

PETS are frequently seen as an anti-corruption or audit type instrument, or are driven by Ministries of Finance rather than sector ministries. This can create an incentive to reduce cooperation or conceal information, as well as affecting ministry ownership over results and recommendations.

References and examples

References:

Gauthier, B., and Ahmed, Z. (2012). Public Expenditure Tracking Surveys (PETS) and Quantitative Service Delivery Survey (QSDS) Guidebook.
<http://www1.worldbank.org/publicsector/pe/PETS1.pdf>

Gurkan, A., Kaiser, K. and Voorbraak, D. (2009) Implementing Public Expenditure Tracking Surveys for Results: Lessons from a Decade of Global Experience. The World Bank PREM Notes Public Sector. Number 145.
<https://openknowledge.worldbank.org/handle/10986/11104>

Savedoff, William D., Public Expenditure Tracking Surveys: Planning, Implementation and Uses (June 10, 2008). Available at SSRN:
<https://ssrn.com/abstract=1877184> or
<http://dx.doi.org/10.2139/ssrn.1877184>

Example:

ACCU. (2009). Public Expenditure Tracking Survey in Water and Sanitation. Uganda.
<http://catalog.ihsn.org/index.php/catalog/1047>

Sample of PETS analytical results:

Gauthier and Ahmed (2012) propose the following outline for a PETS Analytical Report:

Executive Summary

1. Introduction:
 - Motivations and objectives of the PETS/QSDS
 - Organization of the report
2. Methodology
 - Overview
 - Main sources of information
 - Sample strategy and expected versus final samples
3. Description of the sector/program

- Sector/program outcomes
 - Objectives of the sector/program
 - Organizational structure of the sector/program
 - Budget process and allocation rules
4. Resource allocation in the sector/program (PETS)
- Resource allocation flows in the sector/program from various sources
 - Budget allocations versus release of resources at various levels (central, district, etc.)
 - Overall resource availability at the various levels (District, Local, Facility)
 - Measurement of leakage at various levels
 - Delays and other inefficiencies in the service delivery chain
 - Equity issues across categories
 - Other specific themes
5. Frontline service providers and quality of services (QSDS)
- Characteristics of the facilities, infrastructure and equipment
 - Staff characteristics
 - Human resource management, incentives and absenteeism
 - Management of in-kind inputs
 - Service output and quality
6. Analysis
- Bottlenecks in the service delivery chain
 - Potential sources of inefficiencies and inequities
7. Conclusion and recommendations
- Challenges in the sector/program and at the service delivery level
 - Recommendations

ANNEX A: Survey Methodology and Implementation

- A. Sampling Strategy and design
- B. Field Work
- C. Data entry and coding
- D. Survey experience
- E. Lessons learned and recommendations

ANNEX B: Survey

The Anti-Corruption Coalition of Uganda undertook a CSO-led PETS of the water sector in 2009. In addition to tracking funding flow and funding sources to the water and sanitation sector, the team undertook site visits and interviews to assess the functionality of water facility, their management (including water user groups) and issues of governance, operation, planning and budgeting.

Level of functionality of water sources (number of water sources able to continuously produce safe and clean water).

Level of Functionality	Frequency
Optimal functionality	32
Seasonal functionality	5
Non-functional	27
Total	64

Source: ACCU. (2009). *Public Expenditure Tracking Survey in Water and Sanitation. Uganda.*

Existence of Water User Groups

Existence of Water User Groups	Frequency
Available and functional	28
Not formed	14
Formed but not functional	23
Total	64

Source: ACCU. (2009). *Public Expenditure Tracking Survey in Water and Sanitation. Uganda.*

TrackFin

What it is

TrackFin (Tracking Financing to WASH) is a methodology to identify and track financing to the WASH sector at the national or sub-national level in a consistent and comparable manner. TrackFin produces WASH accounts which can be used for national benchmarking, cross-country comparisons and to provide an evidence base to better plan, finance, manage and monitor WASH services and systems.

What it tells you

TrackFin tracks all financing expenditure in the WASH sector to answer four main questions:

- **What is the total sector expenditure in the WASH sector?** This enables the monitoring of funding trends over time, and benchmarking of WASH funding against other countries or sectors;
- **How are funds distributed between the different WASH services and types of expenditure?** This highlights differences across regions, urban and rural areas, subsectors, services, service providers, and types of expenditure. This information can be used to identify inequities in distribution, plan policies and strategies, change allocations and monitor policy outcomes and effectiveness;
- **Who pays for WASH services and how much do they pay?** This information can be used to track commitments, coordinate transfers, and define financing strategies (such as the use of targeted subsidies or the leveraging of private funds), and to monitor the effectiveness of these strategies over time; and
- **Which entities are the main funding channels for the WASH sector?** This information can be used to clarify roles and responsibilities and highlight where influence may achieve reallocation of spending

When you would use it

The TrackFin methodology can help country decision-makers gather information on current sector financing, track its evolution over time, and benchmark spending against other sectors or other countries. TrackFin produces WASH

accounts with detailed information on the origins of WASH funding and how that funding is used. The WASH accounts are used to provide evidence for specific policy questions defined by the government.

TrackFin is a government-led process. It requires strong government engagement and leadership, particularly from national WASH sector institutions, national statistics offices, finance departments and the Ministry of Finance, and is designed to help build capacity in these institutions. Government leadership is a key element of TrackFin sustainability. TrackFin data can feed into a country's monitoring and review systems, leading to a robust evidence base for WASH financing. TrackFin can also be used by bilateral donors, multilateral institutions, NGOs and philanthropic organizations to provide the evidence base for the design of country strategies, programmes and advocacy for WASH policy and financing.

Key elements (scope / steps)

TrackFin involves collecting and analyzing data to complete a series of WASH accounts tables which are used to answer the four key questions, and any additional issues flagged as a policy priority. TrackFin has a detailed methodology made up of the following steps:

1. **Getting started:** Mobilize political buy-in, identify key contact points in lead ministries and form a national stakeholder group to oversee the exercise and provide political support, identify policy questions, which will establish requirements for data and develop a plan and team for data collection and analysis.
2. **Collect financial data:** Define WASH products, services, activities and the main WASH sector users, actors and financing type using the TrackFin classification methodology; map sector organization and financial flows showing how funds move between different actors and estimate financial flows and/or fixed asset capital stocks
3. **Create and interpret TrackFin WASH accounts tables:** Analyze financial data for TrackFin WASH accounts indicators and any additional policy questions. Prepare a WASH accounts report and policy briefs.

4. **Disseminate findings:** Share reports, policy briefs and presentations for different audiences, including key government decision-makers and members of the national stakeholder group.

Requirements

- **Data/information:** Data on total WASH funding, including expenditure from NGOs, donors and households. May require primary data collection or the use of assumptions to generate estimates (which is detailed in the TrackFin Guidance Document). For example household WASH contributions can be estimated from living standards surveys, service provider user reports, extrapolated data from tariff reviews and national statistics (eg average water consumption).
- **Skills:** TrackFin team should have experience preparing national accounts, WASH sector, country and institutional context, PFM, survey and data analysis and experience working with government.
- **Time:** The 2013/14 TrackFin pilots typically took six months of research and analysis, with additional time required to foster government buy-in and coordinate between different stakeholders, such as the Ministry of Finance. The time spend setting up the institutional arrangements and working with stakeholders is key for the sustainability of TrackFin.
- **Financial cost:** On average, TrackFin costs between USD\$50,000 – 75,000.

Application

WHO led the development of the TrackFin methodology, with input from the UN Statistics Division, OECD and the World Bank. TrackFin is managed by the GLAAS initiative led by WHO on behalf of UN-Water. After successful pilots in Brazil, Ghana and Morocco in 2013/14, TrackFin has been implemented in other countries with a number of development partners becoming involved, including:

- Burkina Faso with IRC
- Ghana (second round) with WHO
- Kenya with WHO
- Madagascar with WHO
- Mali with UNICEF for the first round and WHO for the second

- Mozambique with IRC
- Senegal with WHO
- Tunisia with the World Bank
- Uganda with IRC

Argentina, specific states in India, and Kyrgyzstan have also shown interest in TrackFin, as well as other development partners. This includes the WASH-FIN project, which plans to implement TrackFin in Nigeria and a second round in Kenya.

Limitations:

Government leadership and participation is essential for TrackFin and should be established prior to commencing the process.

Limited availability of data, weak information systems or internal barriers to greater transparency may prevent a detailed analysis, especially in the first round of TrackFin. In addition to challenges obtaining detailed government data, gaining access to information on WASH external financing and household expenditure is a challenge. This makes analysis more difficult as international external transfers, NGO contributions and household expenditures may be a substantial element of total WASH financing. The TrackFin Guidance Document outlines methods for obtaining data on external financing and estimating household expenditures if necessary

An additional potential challenge is to align data with the National Statistics Office systems, depending on what is in place in the country.

References and examples

References:

WHO. (2016). UN-Water GLAAS TrackFin Initiative: Tracking financing to sanitation, hygiene and drinking-water at national level. Guidance Document. WHO/FWC/WSH/15.01.

http://www.who.int/water_sanitation_health/publications/trackfin_guidance_document/en/

WHO. (2015). UN-Water GLAAS TrackFin Initiative: Guidance document summary for decision-makers. WHO/FWC/WSH/15.23.

http://www.who.int/water_sanitation_health/publications/trackfin-guidance-summary/en/

WHO. (2015). TrackFin Initiative Flyer (English): http://www.who.int/water_sanitation_health/glaas/rackfin-flyer.pdf?ua=1

WHO (2015). TrackFin Initiative Flyer (French): http://www.who.int/water_sanitation_health/monitoring/investments/trackfin-flyer-fr.pdf?ua=1

Example:

World Health Organization (WHO). (2017). UN-Water global analysis and assessment of sanitation and drinking-water (GLAAS) 2017 report: financing universal water, sanitation and hygiene under the sustainable development goals. Available at:

http://www.who.int/water_sanitation_health/publications/glaas-report-2017/en/

Contains TrackFin Mali and TrackFin Ghana.

Example of TrackFin WASH Accounts tables and analytical results:

All countries taking part in the TrackFin initiative are encouraged to use a basic set of common WASH Accounts tables and indicators to provide a comprehensive national picture of WASH financing, and to facilitate international comparison. Depending on their policy needs and the information available, countries may choose to prepare fewer tables or to present more detailed information on those aspects which are most relevant to their own priorities.

The complete set of WASH Accounts tables is presented below, with the tables required as a minimum are highlighted in bold text.

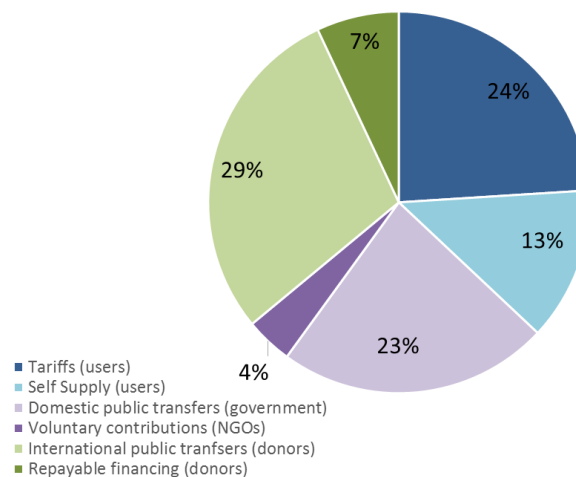
Recommended WASH Accounts tables

Table	WASH expenditure by:
WA 1 (SxR)	Main WASH service & regional subdivision
WA 2 (SxU)	Type of WASH service and use
WA 3 (SxP)	Type of WASH service and provider
WA 4 (PxFT)	Type of WASH provider and financing
WA 5 (SxFT)	Type of WASH service and financing type
WA 6 (SxFU)	WASH service and financing unit
WA 7 (PxFU)	WASH provider and financing unit
WA 8 (FTxFU)	Financing type and financing unit
WA 9 (CxP)	Type of cost and WASH provider
WA 10 (CxS)	Type of cost and main WASH service
WA 11 (ASxP)	Fixed asset stocks by WASH provider type

WHO. (2016). UN-Water GLAAS TrackFin Initiative: Tracking financing to sanitation, hygiene and drinking-water at national level.

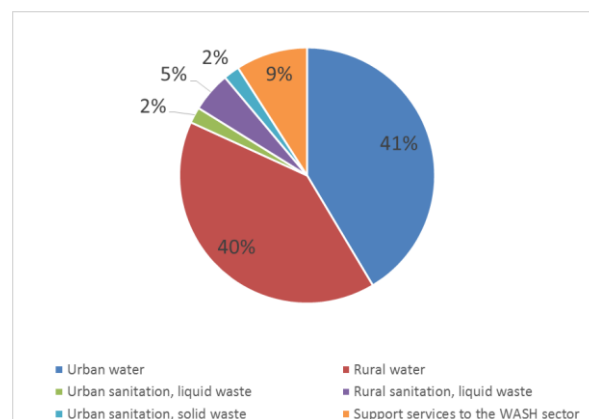
Sample analytical results: TrackFin Mali, 2017.

Funding by financing type and financing unit, Mali, 2014



Adapted from TrackFin Mali study, 2017, Annex B, WHO GLAAS 2017 Report.

WASH expenditure by subsector in Mali, 2014



Adapted from TrackFin Mali study, 2017, Annex B, WHO GLAAS 2017 Rep

Budget Brief

What it is

A budget brief is an analysis of the adequacy, efficiency, effectiveness and equity of the funding allocations in the annual national budget. It can be used to support advocacy for policy reform and additional funding, inform the development of country strategies and programmes, and monitor progress on sector financing reforms.

What it tells you

A budget brief provides a summary of key budget information for the WASH sector, including size and composition of budget allocations, and the implications for achieving WASH policy goals. This is used to develop recommendations on how to improve the composition of spending, strengthen budget credibility and execution, increase or better target spending to rural or deprived regions or groups and improve data collection and monitoring.

- Total WASH spending from all funding sources, including trends and real changes, compared to WASH plans and strategies, total budget spending and national and international targets;
- Composition of spending by each WASH agency, by programme or service, by classification (recurrent and capital expenditure);
- Budget execution, the variation between planned and actual spending in the WASH sector, as well as within individual programmes or type of funding;
- Equity of spending, e.g. territorial analysis, urban/rural comparisons, deprived regions, or spending per water user (including by region);
- Source of finance, including type, trends, funding gaps and options to increase resources;
- Policy context, including impact of WASH sector reforms or broader reforms such as decentralization. Can include link between spending and results, cost recovery, affordability, tariff structures, cross subsidies.

When you would use it

What are termed 'rapid response' budget briefs are prepared when the draft budget is released in order to influence budget decision makers. This

requires a quick turn-around to present evidence-based recommendations to Ministers, Cabinet or Parliamentary Committees on ways to improve the scale or targeting of WASH funding.

More detailed budget briefs are prepared after the budget is formally approved. These briefs aim to raise awareness of key budget policies and funding issues, advocate for improved targeting and execution to maximize the impact of current funds and seek improvements for the development of future WASH policy and budget frameworks. Given the budget is an annual document, budget briefs should be made available soon after the budget is approved to maximize influence and relevance. Budget briefs can also be used to support advocacy with non-government funders, including international financial institutions, bilateral donors and the private sector.

Key elements (scope / steps)

Preparation of a budget brief involves the following steps:

- Identify target audience and goals for budget brief;
- Consider development partnerships (e.g. prepare with government for greater ownership of recommendations, or with NGOs to increase the demand for greater budget and policy accountability) and engagement strategy (e.g. how the country office will use the budget brief);
- Obtain current and historic budget and financial data from budget departments in WASH ministries or through requests to the Minister of Finance or Treasury;
- Undertake analysis and develop recommendations or responses to budget funding amounts (total, break-downs and trends), budget execution, implications for efficiency, effectiveness and equity and opportunities to increase resourcing;
- Disseminate key messages through targeted advocacy with government decision makers, development partners, NGOs and civil society as well as socialization campaigns.

Requirements

- **Data/information:** Includes
 - o Current budget;
 - o Historic budget data (3-5 years of approved, revised and out-turned amounts);
 - o WASH sector performance data;
 - o International comparative data for financing and performance.
- **Skills:** Skills and experience in country systems, WASH sector structure and policy, understanding of public financial management data and systems
- **Time:** 2 weeks to 3 months depending on the availability of current historical public financial data and WASH performance data, and the complexity of the national budget and WASH sector. Briefs on draft budgets need to be prepared as rapidly as possible to maximize the opportunity to influence decision makers.
- **Financial cost:** Can be produced internally by country office staff in the majority of cases with the support of existing detailed guidelines and examples. Regional Office and Head Office may be able to provide additional technical support.

Application

UNICEF is very active in the development of budget briefs, including specific reviews of WASH budgets as well as broader social sector budget briefs which include WASH. Where possible, budget briefs are prepared in a partnership with government, civil society or other UN agencies although to date the majority have been produced by UNICEF alone. Budget briefs harmonize particularly well with PERs, providing a relatively simple mechanism to initiate public expenditure analysis where there has not been a recent PER or to follow-up or expand the analysis of an earlier WASH PER to cover issues such as sanitation and hygiene or rural / urban delivery.

Limitations:

Budget briefs must be timely. In the case of draft budget proposals, a brief should be produced as soon as the budget proposal is sent to Parliament in order to provide recommendations to relevant Parliamentary committees on how to make the budget more sensitive to children's priority WASH needs.

It can be difficult to get data, particularly:

- Information on complete WASH public funding, such as sub-national data in a decentralized context, and where WASH spending is not identified in all agencies / programmes (e.g. WASH in schools and clinics);
- Information on complete WASH resourcing, including off-budget aid transfers and programmes and household financing;
- Data on performance, e.g. the links between expenditure and contributions to service and access targets (effectiveness); and
- Disaggregated data to identify impact on children, disadvantaged households, and rural /urban split (important for equity considerations).

References and examples

Reference:

UNICEF (2017). Guidelines for Developing a WASH Budget Brief.

<https://unicef.sharepoint.com/teams/Communities/PF4C/Lists/Latest%20from%20the%20Field/DispForm.aspx?ID=41>

Example:

UNICEF (2016). Tanzania Water and Sanitation Budget Brief FY- 2011-12 – FY2015/16.

[https://www.unicef.org/tanzania/UNICEF-TZ-BB-WASH-WEB\(2\).pdf](https://www.unicef.org/tanzania/UNICEF-TZ-BB-WASH-WEB(2).pdf)

Between 2015 and 2017, WASH budget briefs were also conducted for Angola, Burundi, Kenya, Malawi, Mozambique and Uganda. These briefs are available on the PF4C Community of Practice: <https://unicef.sharepoint.com/teams/Communities/PF4C/SitePages/Community%20Home.aspx>

Example of WASH Budget Brief structure and analytical results:

Section 1. Introduction

- WASH sector overview
- Main documents and targets
- Sector performance
- Takeaways

Section 2. WASH Spending Trends

- Size of spending
- Spending changes
- The priority of WASH
- Spending against commitments

- Spending against other countries
- Takeaways

Section 3. Composition of WASH Spending

- Ministries/institutions
- Services or programmes
- Recurrent and capital spending
- Takeaways

Section 4. Budget Credibility and Execution

- Budget credibility
- Budget execution
- Challenges
- Takeaways

Section 5. Decentralization and WASH Spending

- Decentralization context
- Sub-national funding guidelines
- Sub-national spending trends
- Spending disparities based on regions
- Takeaways

Section 6. Equity of WASH Spending

- Spending disparities based on regions
- Spending disparities based on rural/urban area
- Spending disparities based on income and ethnicity
- Spending disparities based on results
- Causes
- Takeaways

Section 7. Financing the WASH Sector

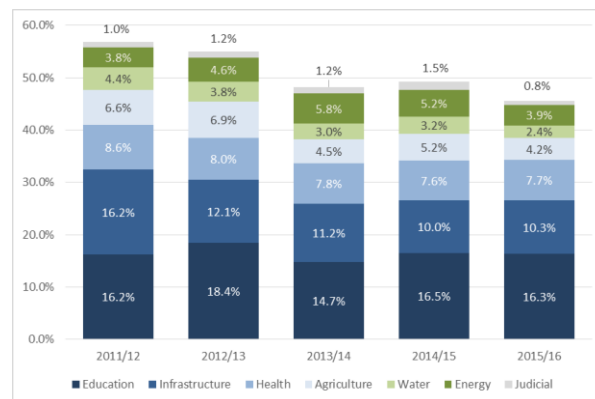
- Government income
- Aid
- Household financing
- Additional financing options
- Takeaways

Section 8. Key Policy Issues

- Policy issue 1...

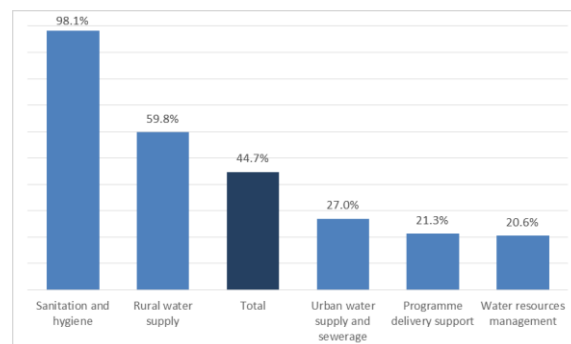
Sample analytical results: Tanzania Water and Sanitation Budget Brief FY- 2011-12 – FY2015/16

Trends in the shares of priority sectors in the total budget, Tanzania, FY2011-12 – FY2015/16



Adapted from: UNICEF (2016). Tanzania Water and Sanitation Budget Brief FY2011/12 – 15/16.

Execution rate by sector, Tanzania State Budget, FY 2015/16*



Adapted from: UNICEF (2016). Tanzania Water and Sanitation Budget Brief FY2011/12 – 15/16.

Selecting the Right Tool

Choosing a PFM tool for your needs

Each of the PFM tools summarized in this guidance note can generate evidence to inform policy design and funding decisions. The tools examine different questions, have different levels of technical complexity and will require different levels of data, skills, funding and national

government access and leadership. In order to select the right tool for your needs, it is important to have a clear idea of what you want to achieve, as well as the resources you have available.

Comparison tables and guiding questions are presented below to support your decision making. UNICEF social policy staff can also provide advice on choosing the most relevant tool.

What are you trying to do?

Table 1. Guiding questions for PFM analysis: comparing scope, focus and opportunity for reform

	PER	PETS	TrackFin	Budget Brief
<i>Key use</i>	Assess quantity and quality of WASH public spending over time against policy goals and performance indicators	Track the flow of resources through each level of government from approval to service facility level and identify bottlenecks, delays and leakage	Produce WASH Accounts of total sector financing for national benchmarking, cross-country comparisons and to provide an evidence base to better plan, finance, manage and monitor WASH services and systems	Analyse WASH funding in the annual budget for adequacy, efficiency, effectiveness and equity
<i>What areas will the analysis cover?</i>				
<i>Level of analysis</i>	Typically national focus. Can include sub-national regions, programs or beneficiaries if budget and expenditure data available	Program and service delivery focus. Examine link between PFM systems and service delivery and the processes, rules and mechanisms used to transform resources into services	Produce WASH Accounts showing total WASH sector financing. Captures allocation of funds to sub-sectors, services, providers and programmes. Can include sub-national disaggregation	Typically national. Can be sub-national if data available
<i>Funding source</i>	All expenditure delivered through the public financial system	Public	Public, Donor, NGO, Household funds	Public, may include external finance if data available in budget
<i>Type of financial data</i>	Budget allocation and budget expenditure data, including type of funding (capital, recurrent) and performance indicators (results)	Resource allocation and movement through the PFM system to service delivery	Captures data on financial flows and fixed asset stocks by geographic region, WASH uses and type of expenditure	Budget allocations and projections. May include previous years' budget execution if available
<i>What will you use the PFM analysis for?</i>				
<i>Reform opportunity</i>	Country strategy / sector strategy Budget planning and preparation cycle Efficiency and effectiveness of budget allocations	Identify bottlenecks, leakage and delays in program resource flows. Identify improvements to PFM processes	Inform development of WASH sector strategies and guide funding allocations, Benchmark spending against other sectors and countries	Influence budget decision makers Advocate to maximise use of approved funds or improve future funding

What resources will you need?

Table 2. Guiding questions for PFM analysis - comparison of resource requirements

	PER	PETS	TrackFin	Budget Brief
<i>What level and type of government engagement is required?</i>				
<i>Government engagement</i>	Access to Ministry of Finance / Government Agencies in WASH sector for data collection and interviews. Government support for review to inform policy and funding decisions	Requires access to financial, managerial and operational staff within ministries of finance and WASH sector at national, subnational and service provision level. Government engagement required for advocacy and reform	Government led. Government chairs stakeholder committee. Representatives of Ministries of Finance /National Statistics Office participate in data collection and analysis.	Government access may be required for sector level budget break-down. Government engagement required for advocacy and reform
<i>What type of data will you need?</i>				
<i>Data/information</i>	Budget allocations and execution over time, at sector, program and project level. May require geographical or beneficiary level. Sector policies, plans and performance data. Economic and social policy data.	National, sector and facility plans and budgets, data on public funding and outputs at ministerial, regional, local and service provider levels. Cross reference survey data with quantitative data.	Data on total WASH funding including public (national/subnational), NGO, donor and household funding. May require primary data collection (surveys) or estimates generated by assumptions	Current budget data, historic budget data, WASH sector performance data and international comparative data. May include donor or external financing if data available
<i>What skills are needed to perform the analysis?</i>				
<i>Skills</i>	PER model, public expenditure analysis, WASH sector, data analysis, policy development, working with government, country context	PETS model, WASH sector, country and institutional context, PFM and public administration, survey skills, data analysis, policy	National accounts or TrackFin, WASH sector, country and institutional context, PFM, survey skills, data analysis, working with government	Country systems, WASH sector structure and policy, PFM
<i>How much time is required?</i>				
<i>Time required</i>	2-6 months for a rapid PER. 1-2 years for a full PER	3-6 months	6-8 months	2 weeks to 3 months
<i>What is the expected cost?</i>				
<i>Cost</i>	US\$50,000 – 250,000	US\$75,000 – 200,000	US\$50,000-75,000	Produced internally

Overarching themes

There are some key lessons learned that apply to all PFM analysis, regardless of the tool selected.

1. Public financial analysis should be linked to a clear policy objective or reform opportunity

PFM analysis tools can produce valuable evidence to inform policy development and resource allocation decisions. The goal of PFM analysis should go beyond information production to focus on opportunities for influence, improvement or reform. PFM analysis should consider dissemination, socialization and advocacy opportunities, as part of the analysis scoping, planning and implementation.

2. Detailed scoping is required both to select the right tool and to target it to country needs

Planning and consultation is required to select the most appropriate tool and adjust it to meet your needs and the availability of data and resources. The chosen PFM analytical tool may need to be modified to meet local context and policy priorities. For example, a tool may need to be adjusted to cover a unique governance structure in the WASH sector, a decentralized system, or to specifically capture information on prioritized programs, regions or beneficiary groups. For this reason, when recruiting technical support for a PFM analysis, the team should include at least one person with detailed knowledge of the local context and policy priorities. It may also be possible for UNICEF CO staff to provide this important contextualization role.

3. Engagement with country governments is critical

Partner governments should be involved in the planning, implementation and follow-up of any PFM analysis. Government engagement is critical to obtain access to data and information on which to base the analysis. While some data is publically available, more detailed information that allows analysis by region, program or beneficiary may need to be requested from government officers.

Government engagement is also critical to build support and ownership for any recommendations or reforms which are identified from the analysis. This increases the potential impact of any PFM analysis. Working in close partnership with government can support evidence based decision

making and build national capacity in analytical tools and approaches. Through active government participation in PFM analysis, it may be possible to strengthen communication between Ministries of Finance and government agencies responsible for WASH, leveraging and linking existing connections relationships established by UNICEF WASH and Social Policy teams.

4. Plans for PFM analysis should include time and resources for dissemination and follow-up

There should be process in place to leverage the results of any PFM analysis. If the PFM analysis has been clearly linked to a reform opportunity during the planning process, plans to disseminate findings and recommendations should be included from the beginning of the process. Where possible, PFM analysis should be used to inform regular processes such as budgeting, planning and tracking of funding, commitments and targets, as well as one off activities such as developing WASH policy or financing strategies at a sector or program level, or advocating or applying for funding. UNICEF Social Policy teams can provide additional information about the different steps and activities underway as part of the office's PF4C strategy.

5. PFM analysis should be used as a tool to support and advance WASH sector reform, not as a stand-alone solution

PFM analysis tools offer a different perspective and the potential to generate detailed evidence on challenges to WASH access and service delivery. However, focusing on PFM issues in isolation of the broader institutional and WASH policy context can produce narrow technical recommendations that are not realistic or feasible for the country context. PFM analysis tools are more valuable when they are used to strengthen diagnosis of problems and identification of improvements within a broader WASH sector programmatic perspective, rather as a narrow or stand-alone analysis that looks only at financing issues.

This highlights the importance of WASH and Social Policy collaboration in this area - to combine WASH leadership on the policy goals, priorities and direction with Social Policy support on the selection and application of PFM tools that can support policy and programme recommendations.

Next steps

These Guidelines have provided a simple summary of what can be achieved with PFM analytical tools, and when they might be used. When you have identified an opportunity to use PFM analysis to contribute to policy, program or resourcing development or reform, there is a series of simple steps to guide planning and implementation.

1. Define the objectives. What is the core problem you want to investigate? What information and resources are needed? How will you use this information to advocate and inform policy reform?
2. Identify reform opportunity. (e.g. influence Government WASH sector plan, policy, budget allocation, expenditure decisions or respond to PFM bottlenecks? Inform UNICEF country strategy or programmes?)
3. Review availability of data and resources. Consider if there are sufficient data, resources and time to complete the desired scope of research.
4. Consult internally. Draw from the expertise available within UNICEF country offices, regional offices and headquarters, in both WASH and social policy areas.
5. Engage key government counterparts to develop cooperation and ownership. Consult with other key stakeholders, including international finance institutions, building on WASH and Social Policy networks and relationships. Identify opportunities for partnership.
6. Choose PFM analysis tool and finalize scope. For example - sector wide, geographic area, rural/urban, water / WASH, all public

agencies, all levels of government, public and private, and so on.

7. Agree terms of reference with government. Set out roles and responsibilities for UNICEF and government (e.g. access to data, follow-up and awareness raising of recommendations, response to recommendations). Confirm partnerships or cooperation with other development partners and stakeholders.
8. Implement the PFM analysis using the chosen PFM tool. This may require UNICEF to recruit and manage technical expertise, or work with partners.
9. Identify clear policy recommendations and actionable reforms, and dedicate sufficient time and resources for effective dissemination and follow-up.

Conclusion

This Guidance Note sets out a brief summary of the most relevant PFM analytical tools for the WASH sector – PER, PETS, TrackFin and Budget briefs. It also provides some guiding questions to assist UNICEF staff compare the different tools and select the most appropriate options for their needs.

For additional information, the description of each tool also includes a reference list with links to technical manuals and detailed guidance documents, as well as examples of the tool applied in the WASH sector.

UNICEF Social Policy experts can assist with the selection and application of PFM analytical tools. However, it is critical that WASH colleagues lead or co-lead these processes, as sector expertise is crucial to identifying PFM gaps and interpreting and applying the findings.

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UNICEF's water, sanitation and hygiene (WASH) country teams work inclusively with governments, civil society partners and donors, to improve WASH services for children and adolescents, and the families and caregivers who support them. UNICEF works in over 100 countries worldwide to improve water and sanitation services, as well as basic hygiene practices.

UNICEF works on Social Policy in over 100 countries around the world including humanitarian and fragile contexts, with a particular focus on the programme areas of child poverty, social protection, public finance for children, and decentralization and local governance. The Public Finance for Children (PF4C) programme area seeks to influence and support the mobilization, allocation and utilization of domestic public financial resources for greater, more equitable and sustainable results for children. UNICEF's strategic approach to making public budgets work better for children focuses on generating evidence, supporting budget processes and frameworks and monitoring budget implementation. The PF4C strategic framework and other pieces of technical guidance can be found at the Public Finance for Children Knowledge Hub for Social Inclusion and Policy, along with links to access technical assistance or share questions, drafts and ideas in the active UNICEF PF4C Community of Practice

About the Series

This publication is part of the UNICEF WASH Learning Series, designed to contribute to knowledge of best practice across the UNICEF's WASH programming. The documents in this series include:

Field Notes share innovations in UNICEF's WASH programming, detailing its experiences implementing these innovations in the field.

Technical Papers present the result of more in-depth research and evaluations, advancing WASH knowledge in a key topic.

Guidelines describe a specific methodology to WASH programming, research or evaluation - drawing on substantive evidence, and based on UNICEF's and other partners experiences in the field.

Fact Sheets summarize the most important knowledge on a topic in less than four pages in the form of graphics, tables and bullet points.

WASH Diaries explores the personal dimensions of WASH, and remind us why a good standard of water, sanitation and hygiene is important for all to enjoy.

Readers are encouraged to quote from this publication but UNICEF request due acknowledgement. You can learn more about UNICEF's work on WASH here: <https://www.unicef.org/wash/>

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