

Motivation

A knowledge gap existed in Lao PDR with regards to public expenditure management practices in the health sector at the district and facility levels.

Objectives

A PETS was undertaken to close this gap by analyzing management practices relevant to current public expenditures, providing advice to Lao PDR about how to improve basic service delivery in health and serving as an independent monitoring tool to assist government in improving accountability.

Main findings

Management of public expenditures in the health sector is weak in Lao PDR. Ineffective budget planning, execution, monitoring, and reporting aggravate the difficulties of insufficient funding at the sub national level; it also hinders efficient health service delivery. Budget preparations for the health sector are characterized by a lack of realism in revenue forecasts and fragmentation between the finance and planning functions at the central and local levels. Budget planning is short due to a compressed budget cycle. Expenditure management in the health sector is fragmented at the central and sub national levels; mismatch of capital investment and recurrent expenditures is a serious problem. The amount of resources allocated to recurrent health expenditures are low and volatile as a disproportionately large share of the already limited amount of public resources has been devoted to capital spending.

Ghost workers

Ghost workers are not a concern as health workers need to sign when receiving their payments, as all salaries are paid in cash.

Absenteeism

The absence rate is 18 % in health centers. In addition, only two out of five of absent health workers were absent without legitimate reasons, such as for official visit or sickness.

Other findings

Frequent payment delays make low salaries even less appealing, especially in rural areas.

Throughout the country, only one out of two health workers gets paid on time every month; one out of three receives a salary every three months; and about one out of eight gets paid irregularly. Between October 2004 and September 2005, two out of three health workers reported delays in salary payments; at the time of the survey about one out of three health workers had an outstanding balance that was due. In urban areas during this same period, one out of four health workers had their salaries in arrears; the number was even higher in rural areas-up to two out of five.

Delays in tax collection and in money transfers from upper layers of authorities are among major reasons for delays in salary payment.

Sample

114 out of 717 health centers

17 out of 18 provinces, 56 out of 141 districts, and 252 villages

Sample design

4 levels: province, district and facility

Resources monitored

Salary payments from the district level to facilities

Recommendations

In order to build on the progress in education and health outcomes, it is important that Lao PDR allocates more resources to these two priority sectors and improve targeting of the neediest people.

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Main report

World Bank (2008) "Lao PDR Public Expenditure Tracking Survey in Primary Education and Primary Health: Making Services Reach Poor People," March.