Micro-level Approaches to Measure Corruption and Efficiency of Public Services: PETS and QSDS with an Application on the Health Sector in Chad

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Abstract

In the public sector in developing countries, leakage of public resources could prove detrimental to users and affect the well-being of the population. We review micro level approaches for the study of service delivery. We focus especially on two types of service provider surveys, Public Expenditure Tracking Survey (PETS) and Quantitative Service Delivery Survey (QSDS), which have been developed to address questions of efficiency and equity of public expenditures in terms of producing good final outcomes, i.e., improved welfare, health and education. Then, we empirically examine the importance of leakage of government resources in the health sector in Chad and its effects on medication mark-up. We make use of data collected in Chad as part of a combined PETS/QSDS organized by the World Bank in 2004. The survey covers 281 primary health care centers and hospitals and contains information on the provision of medical material, financial resources and medication allocated by the Ministry of Health (MoH) to the regional administration and primary health centers. While the regional administration is officially allocated 60% of the MoHs non-wage recurrent expenditures, the share of the resources that actually reach the regions is estimated to be 18%. The health centers, which are the frontline providers and the entry point for the population, receive less than 1% of the MoHs non-wage recurrent expenditures. Accounting for the endogeneity of the level of competition among health centers, we observe that leakage of government resources has a significant and negative impact on the mark-up health centers charge patients on drugs sales. Furthermore, it is estimated that had public resources earmarked for frontline providers reached them in their entirety, the number of patients seeking primary health care in Chad would have more than doubled.