Measuring the Efficiency of the Public Spending in Algeria:
Evidence from Adrar Medical Sector

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Abstract
The study tends to measure the efficiency of the investment of public spending in the state of Adrar – Algeria. The study concluded that the low efficiency of public investment spending is due to the weakness of investment projects scheduling and the delays in their achievements as well as the magnitude of the deviations between the initial estimates and actual amounts. The study recommends the necessity to determine clearly the projects to be implemented. This determination should be based on the priorities the population needs in an attempt to increase the efficiency of spending and meet the requirements of the individuals.

Keywords: healthcare, medical sector, efficiency, Adrar

1. INTRODUCTION
Public spending is one of the basic tools of financial policy by which the levels of aggregate demand, the growth, the employment and national income are determined. The pattern of distribution is another channel influenced by the behavior of the financial policy. In light of the limited resources available for that spending, it becomes necessary to set up efficiency program of the optimal exploitation of these resources. Although multiple studies that have addressed the task of measuring the efficiency of public spending in many countries of the world, these issues are almost absent in Algeria.

2. THE EFFICIENCY OF PUBLIC SPENDING
The efficiency analysis is based on the study of the relationship between the inputs and outputs (B. Wilson, 1982; T. V. S. Ramamohan Rao, 1989; Tim Coelli, 1998; Harold O. Fried et al, 1993; Timothy J. Coelli et al, 2005; Rolf Fare et al, 2007; Yangsone Yim, 2008). Hence, it is different from the concept of performance which focuses on studying and analyzing the output side only without paying attention to the input side (Jerry R. Green, 1975; Allan Warmington et al, 1977; Kathy Hayes, 2000; Robert Carton, 2006).

In this context, efficiency aimed at achieving the optimum utilization of inputs or resources by maximizing the outputs resulting from the use of a certain amount of these inputs, or reducing the inputs needed to get a certain amount of that output (Ivor H. Seeley, 1976; William F. Glueck, 1976; John H. Boyd, 1988; Paul Keys, 1991; Jens Becker, 2002; Robert L. Schalock et al, 2016.)

The same applies to the analysis of the efficiency of public spending. The outputs represented by the form of public spending are exploited to get different outputs by which the government is seeking to achieve the development targets (J.W. M. Eddy, 1931; Gerhard Colm, 1936; Maurice Kogan, 1976; Rudolf Klein, 1976). In addition to this, the efficiency of public spending is determined by the ratio of inputs relative to outputs. Whenever the proportion of outputs is bigger relatively to inputs, the level of the efficiency is high and vice versa (Wylie Kilpatrick, 1936; Paul A. Samuelson, 1954; Jurgen G. Backhaus, 2005).

3. MEASUREMENT APPROACHES OF THE PUBLIC SPENDING EFFICIENCY:
The process of measuring public spending efficiency is a complex process. This is due to the diversity of public spending targets at one hand, and the difficulty to sell the government sector outputs via the market at the other hand (John Biffen, 1980; R. G. Bevan, 1980). Additionally, the lack of price data for those outputs and the difficulty of determining their amount is another issue that complicates the measurement process of the efficiency (Martin Feldstein, 1973). At another angle of analysis, the difficulty of isolating and separating the influence of external factors, affects the efficiency of public spending (Harold Copeman, 1981; Cedric Sandford, 1983; Raghbendra Jha, 1995).

Many studies have attempted to measure the efficiency of public spending through the analysis of the impact of public spending on a range of social and economic indicators (James M. Buchanan, 1999; Robert Holzmann, 1990; Stephan Brehm, 2013; Valerio Ercolani, 2014; Hafedh; Bouakez, 2015; Giorgio D'Agostino et al, 2016; Yazid Dissou, 2016). In this field, some studies adopted the index of Public Sector Performance (PSP) to compute the Public Spending Efficiency (PSE) (Antonio Afonso et al, 2003; Teresa Curristine, 2007; Konstantinos Angelopoulos et al, 2008; Cai Zhonghua, 2012; Bogdan-Gabriel Zugravu, 2012; G.J. van Helden, 2013; Charalampos Amygdalos, 2014; Roland F. Speklé, 2014; Ingrida Balaboniene, 2015).

In this sense, the computation of the index of Public Sector Performance (PSP) is based on a range of sub-indices of economic and social contexts in which the public spending exercises an evident influence. These sub-indices in their own right are divided into two main groups; the first group includes the Opportunity...
Indicators while the second group is interested by three areas, namely: the justice of distribution, the stability and the economic performance (Ouchi, W. G, 1979; Lars-Erik Borge, 2008; Sandeep Kumar Mogha, 2015; Natalia Cuguero’-Escofet, 2016;)

The Opportunity Indicators figure out the performance in four basic sectors:
- Public administration sector in which the indicator computation is based on the following performance indicators: corruption, bureaucracy, the quality of the judicial system, and the shadow economy (Marco De Marco, 2013).
- The education sector: the performance of this sector is measured by the index ratio of enrollment in secondary education and the OECD indicators which gauge the extent of accomplishment achieved in the field of education (Educational Achievement). The latter presents a picture of both the quality and the availability of the education (J. Ruggiero, 2004; Wulong Gu, 2015).
- The infrastructure sector: the performance of this sector depends on the quality of infrastructure, communications and transport sector index (Bert Hof et al, 2011; Yamur K. Al-Douri et al, 2016).

The second set of indicators and includes the following:
- The justice of income distribution: this is measured by the share of 40% poorer population as a percentage from the income.
- The economic stability as measured by the stability of the GDP growth rate.

Thus, the performance of each sector or area (PSP) mentioned above depends on a range of sub-indices; so that the improvement in the development of sub-indices as a result of increased government spending would be reflected positively on the performance of the sector index or the area under study. In this context, the index performance of each sector is computed by the average of all the sub-indices of the entire sector.

Indeed, the performance efficiency of each sector is computed by adopting the indicator of the Performance Sector Efficiency \( PSE_{ij} \). The latter is given by the relative performance ratio of each sector \( PSP_{ij} \) to the public spending of the sector \( PEX_{ij} \). Technically:

\[
PSE_{ij} = \frac{PSP_{ij}}{PEX_{ij}}
\]

Accordingly, the performance of the public administration sector is attributed to public spending on procurement of goods and services while the performance of both the health and education sector is attributed to what is allocated to spend on each. In addition, the performance in the infrastructure sector is figured out by the investment spending and the performance of the distribution income justice is measured by the size of transfers. The last performance which is about stability and economic performance is attributed to the total public expenditure (Cai Zhonghua, 2012).

4. FACTORS OF PERFORMANCE AND PUBLIC SPENDING EFFICIENCY

The factors that conduct the performance and the efficiency of the public spending are diverse. This diversity comes from the multiplicity of the influence context (economic, social, political, institutional…) and the way of how each context influences the performance extent. These factors are the following:

4.1. PUBLIC SPENDING TO THE GROSS DOMESTIC PRODUCT

This ratio measures the government performance and efficiency in public spending. In this context, many studies concluded that governments of small magnitude in which the public spending does not exceed 40% of the gross domestic product represent a high level of efficiency and vice versa (Cedric Sandford, 1984).

However, this suggestion is not taken for granted as many countries had exceeded the public spending level mentioned above and showed a high level of performance and efficiency (Germany 45%, Spain 45%, United States 43.6%, Great Britain 48.5%, France 56%, and Sweden 51.2%). The issue here is not based only on the relative consideration between public spending and GDP but it is related to the efficiency of the spending allocation, the range of policies and procedures applied and the rigorous treatment to fight corruption.

4.2. PATTERN OF SPENDING ALLOCATION TO SUB-SECTORS

Most of the studies agreed that the pattern of allocation of spending to the various sub-sectors affect significantly the efficiency levels. The proposition means that the way of how the public spending is allocated would affect the level of the efficiency of that spending without modifying its size.
4.3. GOVERNANCE, CORRUPTION AND THE DEGREE OF CONTROL OVER THE GOVERNMENT'S PERFORMANCE

Some studies concluded that there is a positive relationship between the levels of good governance achieved by the state and the performance of public spending. The reason behind this is that the improved governance levels lead to an improved performance and efficiency of the public administration sector, which is reflected at the end in the performance and efficiency of the government sector as a whole.

4.4. SOURCES OF PUBLIC SPENDING:

Some studies have found that the countries with high dependence on foreign aid to finance public spending represent generally a low level of public spending efficiency, compared to those that rely more on increasing the tax burden to consolidate the financing sources. The reason for this is the lack of the motivation to exploit efficiently and rationally those resources coming from abroad.

Accordingly, citizens who bear the higher rates of tax are demanding their governments to provide better services and to search for the best ways to increase the efficiency of public spending. The same case is shown when the tax base broadens as the number of citizens who are monitoring the government's performance increases.

4.5. POLITICAL STABILITY AND THE LEVEL OF CIVIL LIBERTIES:

This issue consolidates the political stability which is of a big importance to increase the efficiency of public spending. This stability ensures the low levels of the expected risks, the fact that contributes positively in increasing the diversity of the economy, the justice of the income distribution and the rationality of the resources allocation.

5. PERFORMANCE AND EFFICIENCY OF PUBLIC INVESTMENT SPENDING IN ALGERIA – STATE OF ADRAR AS AN EMPIRICAL STUDY-

This study adopts a new methodology to measure the performance and efficiency of public investment spending in the medical sector of Adrar state- Algeria for the year 2015. This approach is based on a set of indicators that will be used in the survey to monitor and expect public spending as viable indicators in different periods. The indicators are used to compare the performance and the efficiency levels in the country in which the number of the sectors included in the study can be increased in order to give a comprehensive picture of the issue investigated.

In this context, it should be noted that good performance indicators must fulfill some conditions or basic characteristics that most of the studies have agreed to call them by the acronym "CREAM". The five capital letters of this acronym means respectively:

- **Clarity**: the performance indicators must enjoy the clarity, the precision and the lack of ambiguity;
- **Relevance**: the performance indicators must have a direct and clear association with the outputs aimed to achieve
- **Economic**: the expected return of the performance indicators must exceed the cost of collecting and analyzing the data of the study
- **Adequate**: the indicator should cover the requirements to evaluate the performance of the sector under study
- **Monitorable**: the indicator should accept monitoring and screening over different periods in an attempt to make the useful comparison of the efficiency progress or decline.

6. RESEARCH METHODOLOGY:

The study sample is selected according to the following criteria: the population density of the district or the state under study, the medical institution as well as health infrastructures.


- **MEASURING INPUTS**

The following table shows the infrastructure realized for 2015.
**Table 1: The realized infrastructure for the year 2015**

<table>
<thead>
<tr>
<th>Inputs</th>
<th>Hospitals</th>
<th>Equipment</th>
<th>Applied formations and trainings</th>
<th>Medical Staffs</th>
<th>Expansion of tests' offices</th>
<th>Rehabilitations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Installation</td>
<td>Hospital of 120 beds for older people</td>
<td>56 devices for sterilization</td>
<td>861 trainings for various fields</td>
<td>12 staffs</td>
<td>16 offices</td>
<td>- Rehabilitation of the emergency services by 5 million dinars</td>
</tr>
<tr>
<td></td>
<td>Aoulef Hospital of 60 beds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- Rehabilitation of the hospitals' kitchens by an amount of 7 million dinars</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- Rehabilitation of the child birth service by an amount of 44 million dinars</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- Restoration and the rehabilitation of the multi-service clinics by an amount of 12 million dinars</td>
</tr>
<tr>
<td>Source: The result of the activities presented to the governor of Adrar by the secretariat of the state</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The above table shows the structures and as well as the configuration and equipment of the medical sector of Adrar state for the year 2015. This sector had benefited from two hospitals, a hospital with a capacity of 120 for aging people and another hospital with a capacity of 60 beds in Aoulef. In addition to this, the sector enjoyed a number of important devices amounted to 56 sterilization devices and 12 medical staffs. About training and apprenticeship, the medical sector presented a program of 861 training sessions for different branches. These contributions may improve the performance and the efficiency of presenting the healthcare service in this state.

**Table 2: Investment expenditures allocated to the medical sector for the year 2015**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Year</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>The total investment expenditures of the state</td>
<td>5,751,996,000 DZD</td>
<td></td>
</tr>
<tr>
<td>The investment expenditures for the medical sector of Adrar state</td>
<td>370,000,000 DZD</td>
<td></td>
</tr>
<tr>
<td>Number of beds of the state hospitals</td>
<td>786 beds</td>
<td></td>
</tr>
<tr>
<td>Population of the Municipality of Adrar</td>
<td>77910 persons</td>
<td></td>
</tr>
<tr>
<td>Population of the Municipality of Timimoun</td>
<td>40375</td>
<td></td>
</tr>
<tr>
<td>Population of the Municipality of Aoulef</td>
<td>25679</td>
<td></td>
</tr>
<tr>
<td>The amount of the recycled projects</td>
<td>250,000,000 DZD</td>
<td></td>
</tr>
<tr>
<td>The share of total health spending from the investment spending of the state (%)</td>
<td>6.43 %</td>
<td></td>
</tr>
<tr>
<td>Per capita investment spending in the municipalities of the state</td>
<td>2.570</td>
<td></td>
</tr>
<tr>
<td>The proportion of the number of beds to the population of the state municipalities</td>
<td>0.00546 bed</td>
<td></td>
</tr>
<tr>
<td>The proportion of the number of beds of Adrar municipality to the municipality residents</td>
<td>0.00424 bed</td>
<td></td>
</tr>
<tr>
<td>The proportion of the number of beds of Timimoun municipality to the municipality residents</td>
<td>0.003 bed</td>
<td></td>
</tr>
<tr>
<td>The proportion of the number of beds of Aoulef municipality to the municipality residents</td>
<td>0.00234 bed</td>
<td></td>
</tr>
</tbody>
</table>

Source: The result of the activities presented to the governor of Adrar by the secretariat of the state

The above table shows that the different proportions of the investment expenditures for the medical sector of Adrar state. According to the table, it represents 6.43% of the total spending of the investment which is minimal compared to other sectors such as education, higher education. The share does not reflect the importance that should be enjoyed by the medical sector, especially with the basic responsibility assumed by this sector which is the presentation of the health services to the population.

What raises the attention also is the amount of the recycled projects: 250,000,000 DZD representing...
68% of the investment spending for the year 2015. This shows clearly the weakness of the preliminary studies of the projects, and the weakness of control in the implementation. This fact leads to the high cost of projects as a result of prices variation of the goods and services used in the completion of the delayed projects.

6.2. MEASUREMENT OF THE HEALTH SECTOR OPERATIONS:

Table 3: Inspections of the Department of Internal Audit

<table>
<thead>
<tr>
<th>Sector</th>
<th>Institution</th>
<th>Number of visits</th>
<th>The procedures applied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public sector</td>
<td>Public health institutions</td>
<td>28</td>
<td>Addressing written alerts to improve some deficiencies and imperfections</td>
</tr>
<tr>
<td></td>
<td>Agglomeration Institutions of healthcare</td>
<td>36</td>
<td>Addressing considerable sanctions to the negligent and careless people in assuming their responsibilities</td>
</tr>
<tr>
<td>Private sector</td>
<td>Private pharmacies</td>
<td>22</td>
<td>Addressing warnings and sanctions to the pharmacies for not respecting dates of permanent presence</td>
</tr>
<tr>
<td></td>
<td>Special clinics institutions</td>
<td>16</td>
<td>Provisional arrest of the private medical for not respecting the applicable law of succession</td>
</tr>
<tr>
<td></td>
<td>Dental surgery clinics</td>
<td>05</td>
<td>Contact the practitioners to present the recorded deficiencies</td>
</tr>
</tbody>
</table>

Source: The result of the activities presented to the governor of Adrar by the secretariat of the state

The above table shows the audits undergone by the institutions of the medical sector in Adrar which amounted to 107 shared between the public institutions (64) and private sector (43). The results of the audit practices are the package of alerts and warnings as well as the arrest of one of the private clinics for non-respect of succession applicable laws.

Table 4: Surgical operations performed during 2015

<table>
<thead>
<tr>
<th>Health institutions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adrar</td>
<td>1839</td>
</tr>
<tr>
<td>Timimoun</td>
<td>1507</td>
</tr>
<tr>
<td>Aoulef</td>
<td>00</td>
</tr>
<tr>
<td><strong>3346</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: The result of the activities presented to the governor of Adrar by the secretariat of the state

Through the above table it is clear that the municipality of Adrar shows the largest number of surgical operations performed (1839), this record is followed by Timimoun (1507). However, Aoulef does not reveal any surgical operation. This is due to the delay of the hospital comprising 60 beds to start working.

Table 5: Laboratory analyses

<table>
<thead>
<tr>
<th>Health institutions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adrar</td>
<td>188524</td>
</tr>
<tr>
<td>Timimoun</td>
<td>140687</td>
</tr>
<tr>
<td>Aoulef</td>
<td>00</td>
</tr>
<tr>
<td><strong>329211</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: The result of the activities presented to the governor of Adrar by the secretariat of the state

The table presents the number of the laboratory analysis activities. It shows the highest number in the municipality of Adrar by a number of 188,524, this is followed by the Municipality of Timimoun by a number of 140687. The highest number of the laboratory analyses in Adrar compared with Timimoun and Aoulef is due to the big number of patients and the availability of a considerable package of equipment and doctors.

THE OUTPUT SCALE:

Table 7: The state of the health sector output for the year 2015

<table>
<thead>
<tr>
<th>Public Health Institutions</th>
<th>Number of beds</th>
<th>Number of the resident patients</th>
<th>Number of hospitalization days</th>
<th>The proportion of the beds utilization (%)</th>
<th>Rate of hospital residency</th>
<th>Patient cost per day</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adrar</td>
<td>330</td>
<td>9090</td>
<td>53384</td>
<td>75</td>
<td>06</td>
<td>1200 DZD</td>
</tr>
<tr>
<td>Timimoun</td>
<td>135</td>
<td>5022</td>
<td>42598</td>
<td>73</td>
<td>08</td>
<td>1200 DZD</td>
</tr>
</tbody>
</table>

Source: The result of the health sector activities presented to the governor of Adrar and the secretariat of the state

The records of the table show the domination of the municipality of Adrar in terms of beds' number, days of residency in hospitals, the hospitalization days, and the utilization of the beds as well as the rate of the hospital residency. The patient cost per day is the same in both Adrar and Timimoun. The high level of the cost is due to the low quality of the services presented to the patients and the absence of the specialist doctors.
MEASURING RESULTS:

Table 9: The diseases recorded in Adrar state for the years 2013, 2014, 2015

<table>
<thead>
<tr>
<th>Disease</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dysentery</td>
<td>00</td>
<td>00</td>
<td>00</td>
</tr>
<tr>
<td>Typhoid Fever</td>
<td>04</td>
<td>00</td>
<td>00</td>
</tr>
<tr>
<td>Viral Hepatitis (A)</td>
<td>00</td>
<td>07</td>
<td>50</td>
</tr>
<tr>
<td>Viral Hepatitis (B)</td>
<td>82</td>
<td>103</td>
<td>125</td>
</tr>
<tr>
<td>Viral Hepatitis (C)</td>
<td>05</td>
<td>02</td>
<td>10</td>
</tr>
<tr>
<td>Ague</td>
<td>56</td>
<td>26</td>
<td>70</td>
</tr>
<tr>
<td>Tuberculosis</td>
<td>97</td>
<td>49</td>
<td>64</td>
</tr>
<tr>
<td>Meningitis</td>
<td>20</td>
<td>11</td>
<td>15</td>
</tr>
<tr>
<td>Gonococcal urethritis</td>
<td>05</td>
<td>02</td>
<td>01</td>
</tr>
<tr>
<td>Measles</td>
<td>337</td>
<td>07</td>
<td>72</td>
</tr>
<tr>
<td>Syphilis</td>
<td>101</td>
<td>92</td>
<td>103</td>
</tr>
<tr>
<td>Diphtheria</td>
<td>00</td>
<td>00</td>
<td>01</td>
</tr>
<tr>
<td>Trachoma</td>
<td>3700</td>
<td>714</td>
<td>719</td>
</tr>
<tr>
<td>Food Poisonings</td>
<td>126</td>
<td>172</td>
<td>13</td>
</tr>
<tr>
<td>Pertussis</td>
<td>02</td>
<td>06</td>
<td>02</td>
</tr>
<tr>
<td>Leishmania</td>
<td>19</td>
<td>11</td>
<td>6</td>
</tr>
<tr>
<td>Brucellosis</td>
<td>00</td>
<td>02</td>
<td>00</td>
</tr>
<tr>
<td>HIV infection</td>
<td>29</td>
<td>21</td>
<td>16</td>
</tr>
</tbody>
</table>

Source: The result of the health sector activities presented to the governor of Adrar and the secretariat of the state.

Despite the efforts and the consolidations addressed to strengthen the medical sector of Adrar, some diseases are still persisting, for example: Viral Hepatitis by its different forms (A, B, C), Syphilis and Ague. Some other diseases show a decreasing level as Trachoma, Tuberculosis and Leishmania but it is still insufficient as a result of the lack of medical supplies and the diagnosis to determine the disease.

7. CONCLUSION:

This paper gives a picture of the health sector in the state of Adrar –Algeria. The situation of the sector is still in a lack. According to the analysis, this fact is due to the following points:
- The absence of a concrete vision to develop the sector.
- The lack of the skilled practitioners and the doctors as well as the develop diagnosis to determine the disease.
- The insufficiency in the necessary medical equipment.

In light of this, the researchers present the following recommendations:
- The projects specification should based on the population priorities in order to rise the efficiency spending and meet the requirements of the basic needs of the population. This target is achieved only by following the result-budget methodology.
- The reduction of the deviations between the initial estimates of the projects and the real amounts. This approach can be possible by increasing the quality of the projects and stimulating the internal and external audit processes (the population control). The aim of this is to raise the spending efficiency.
- Reducing the number of the patients hospitalization by improving the quality of the services provided by doctors and specialists.

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