



**Table Ronde Nationale sur  
la Promotion de l'intégrité et la Prévention de la Corruption  
dans la Prestation de Services Publics à Djibouti**

**Session 2**

**La corruption dans la prestation de services publics:  
quelle approche sectorielle pour renforcer la lutte  
contre la corruption ?**

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# Why tackle corruption in sectors?

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## Significant financial loss

- Significant leakages of sector budgets or investment/aid funds
  - average of 5.59% of the USD 4.7 trillion estimated global healthcare expenditure is lost to fraud and error
  - costs of building water infrastructure are increased 20% - 40% because of corruption = approx. USD 9 billion

## Reduction of development outcomes

- Corruption severely impact service delivery outcomes
- It particularly affects the poor
- Closely linked to the MDGs

## Higher feasibility of reforms

- It may be easier to introduce good governance/anti-corruption measures when mainstreamed
- May generate considerable popular support

# Common forms of corruption

education	health	water
<p><u>schools</u></p> <ul style="list-style-type: none"> <li>■ teacher appointment, management, payment, etc.</li> <li>■ “ghost teachers”</li> <li>■ favoritism/ discrimination</li> <li>■ selling of grades/ examinations/ diplomas/ access to universities</li> </ul> <p><u>management</u></p> <ul style="list-style-type: none"> <li>■ financial management, including procurement</li> <li>■ construction, repairs</li> <li>■ distribution of equipment, furniture and material</li> <li>■ writing of textbooks</li> <li>■ institution accreditation</li> <li>■ distribution of benefits</li> </ul>	<p><u>health care providers</u></p> <ul style="list-style-type: none"> <li>■ absenteeism</li> <li>■ theft of drugs and medical supplies</li> <li>■ informal payments</li> <li>■ fraud</li> <li>■ diversion to private practice</li> </ul> <p><u>health Ministry / management</u></p> <ul style="list-style-type: none"> <li>■ financial management</li> <li>■ procurement of drugs and medical supplies</li> <li>■ distribution of drugs/ services</li> </ul> <p><u>government regulator (esp. pharmaceuticals)</u></p> <ul style="list-style-type: none"> <li>■ kickback and conflict of interest</li> </ul>	<p><u>drinking water and sanitation</u></p> <ul style="list-style-type: none"> <li>■ inequitable investment policies</li> <li>■ procurement for construction and maintenance works</li> <li>■ embezzlement of investments</li> </ul> <p><u>irrigation sector</u></p> <ul style="list-style-type: none"> <li>■ nepotism/ bribery in appointment of officials</li> <li>■ ...in assigning water rights</li> </ul> <p><u>water resources management</u></p> <ul style="list-style-type: none"> <li>■ bribery related with licenses for waste water discharges</li> </ul> <p><u>hydropower sector</u></p> <ul style="list-style-type: none"> <li>■ bribery and nepotism in assigning water use licenses</li> </ul>

# Forms common to all sectors:

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- In (investment/distribution) policies not in public interest;
- in financial management: fraud, embezzlement, etc.;
- in procurement of equipment and supplies, or construction of infrastructure
- in appointment of officials: bribery, nepotism
- In human resources management
- In enforcement of rules or distribution of entitlements
- In informal payments for services

⇒ Common diagnostic tools and similar interventions

However, many forms are quite different among sectors

# Possible responses at policy level:

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## **Risks:**

- Policy/regulatory decisions not in the public interest (e.g. conflict of interest)
- Funding (budget) allocation (e.g. discriminatory, based on political loyalties)
- Appointments of key officials based on patronage not expertise

## **Possible remedies:**

- Independent regulatory/advisory bodies staffed by experts;
- Transparency in decision-making, incl. the budget process;
- Conflict of interest rules and body to manage Col;
- Oversight by parliament, supervisory bodies, civil society, media.
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# Possible responses at institutional level:

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## **Risks:**

- Budget implementation (embezzlement, fraud) and procurement
- Theft or misallocation of supplies for personal use
- Job purchasing/ recruitment based on patronage and nepotism

## **Possible remedies:**

- Strengthening financial management;
- Better accountability mechanisms, and predictable sanctions;
- Oversight over supplies, better inventory keeping, security;
- Merit-based recruitment and human resource management system (including promotion and disciplinary measures) based on clear criteria.

# Possible responses at service provider level:

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## **Risks:**

- Bribery or nepotism in enforcing regulations
- Benefits and privileges (or avoidance of sanctions for misconduct) based on political patronage, nepotism, or bribery
- Illegal/unofficial fees (bribery) for services
- Absenteeism
- Redirecting service users to private service providers

## **Possible remedies:**

- Clear and publicly available information about official services;
- Reduction in the number of administrative steps/ discretion;
- Formalization of customary unofficial fees;
- Increased oversight, including by civil society and service users
  - credible reporting mechanism,
  - serious application of sanctions for offenders;
- Privatization or outsourcing of services or concessions.

# How to select right response?

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- **responses must be context-specific** or they will fail
- **diagnostic tools:**
  - risk assessment analyses
  - surveys and citizen report cards
  - other sector-specific tools
- **elements of diagnostic analyses**
  - **overall national enabling environment**  
(political/cultural context, governance/legislative context, media and civil society activity, political economy of reform)
  - **sector structure**  
(legislative and institutional framework, business processes)
  - **sector performance**  
(regulatory compliance, service delivery outputs, value for money, service user satisfaction)



# Mapping risks and remedies

## Remedies map example: vulnerabilities in drug procurement policies

<b>Procurement stages</b>	<b>Identified risks/problems</b>	<b>Identified remedies</b>
1. Manufacturing	Substandard drugs	Random inspections
2. Registration	Weak legal framework / producers pay officials to register substandard drugs	Publication of registration processes/ education to identify substandard drugs
3. Selection	Under or over inclusion of drugs in the country's essential drug list	Media coverage of selection committee mtgs / public criteria for membership (CoI)
4. Procurement	Bribes for advantages during tenders/ biased quantity and specifications	Clear procurement criteria/ separate staff for technical vs contract decisions
5. Distribution	Warehouse theft	Electronic monitoring of vehicles to transport drugs/ assess if drugs are delivered
6. Prescription/ disbursement	Pharmaceutical companies influence physicians	Separate the role of doctors from pharmacists

# Considerations:

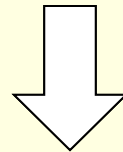
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- Consultations
- Costing
- Coordinating implementation of reforms
- Tracking progress

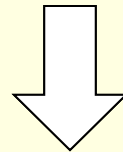
# The reform process:

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Diagnostic analysis



Design and implement context-sensitive interventions based on diagnostic analysis



Monitoring and evaluation of reforms and recommendations for new/improved interventions



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