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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Djibouti, République de Djibouti
10 décembre 2012
Why tackle corruption in sectors?

**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

<table>
<thead>
<tr>
<th>education</th>
<th>health</th>
<th>water</th>
</tr>
</thead>
<tbody>
<tr>
<td>schools</td>
<td>health care providers</td>
<td>drinking water and sanitation</td>
</tr>
<tr>
<td>- teacher appointment, management, payment, etc.</td>
<td>- absenteeism</td>
<td>- inequitable investment policies</td>
</tr>
<tr>
<td>- “ghost teachers”</td>
<td>- theft of drugs and medical supplies</td>
<td>- procurement for construction and maintenance works</td>
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<tr>
<td>- favoritism/discrimination</td>
<td>- informal payments</td>
<td>- embezzlement of investments</td>
</tr>
<tr>
<td>- selling of grades/examinations/diplomas/access to universities</td>
<td>- fraud</td>
<td>irrigation sector</td>
</tr>
<tr>
<td>management</td>
<td>- diversion to private practice</td>
<td>- nepotism/bribery in appointment of officials</td>
</tr>
<tr>
<td>- financial management, including procurement</td>
<td>health Ministry/management</td>
<td>- …in assigning water rights</td>
</tr>
<tr>
<td>- construction, repairs</td>
<td>- financial management</td>
<td>water resources management</td>
</tr>
<tr>
<td>- distribution of equipment, furniture and material</td>
<td>- procurement of drugs and medical supplies</td>
<td>- bribery related with licenses for waste water discharges</td>
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<tr>
<td>- writing of textbooks</td>
<td>- distribution of drugs/services</td>
<td>hydropower sector</td>
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<tr>
<td>- institution accreditation</td>
<td>government regulator (esp. pharmaceuticals)</td>
<td>- bribery and nepotism in assigning water use licenses</td>
</tr>
<tr>
<td>- distribution of benefits</td>
<td>- kickback and conflict of interest</td>
<td></td>
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</tbody>
</table>
Forms common to all sectors:

- 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:

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 CoI;
- Oversight by parliament, supervisory bodies, civil society, media.
Possible responses at institutional level:

Risks:
- Budget implementation (embezzlement, fraud) and procurement
- Theft of 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:

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?

- 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

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

- Consultations
- Costing
- Coordinating implementation of reforms
- Tracking progress
The reform process:

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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