"Public Service Delivery in Arab Countries: Corruption Risks and Possible Responses"

Corruption vulnerabilities in health systems

Round Table

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Regional Conference in the Republic of Tunisia: 29th & 30th September 2011

Agenda for the session

- Corruption in health systems – international perspectives
  - Why should we care about corruption in health?
  - How does corruption manifest itself in the health sector?
  - Emerging issues from international experience
- Perspectives from the Arab region
- Round table discussion

Why should we care?

- **Limits access**: unofficial user fees, referrals to private practice
  - Illegal fees associated with huge reduction in use of services: Chad, Uganda, Tadjikistan
  - Absenteeism : 66% in Costa Rica, 33% in Peru, 5% Colombia (Di Tella, Savedoff, 2001)
- **Reduces quality**: fake, sub-standard drugs
  - Counterfeit or sub-standard drugs: 20% of Peruvian market, up to 50% in Africa
  - 10-25% of drug procurement lost to corruption (WHO, 2008)
- **Increases inequity**: impact on the poor is disproportionate
  - 15% of half-month per capita income in Peru, 90% in China to 113% in Madagaskar (WB 2009)
- **Generates inefficiency**: embezzlement, waste, over-pricing
  - Diversion & embezzlement of funds: regions in Chad received a third of centrally allocated funds (U4 2008); Tanzania: local and district councils diverted up to 41% of budget (U4 2008)
- **Reduces effectiveness:** health outcomes
  - Less corruption (more transp. & acct.) is correlated with better health outcomes (TI, Azfar)
  - Legitimacy of health system affected – by population and donors (e.g. Zambia)

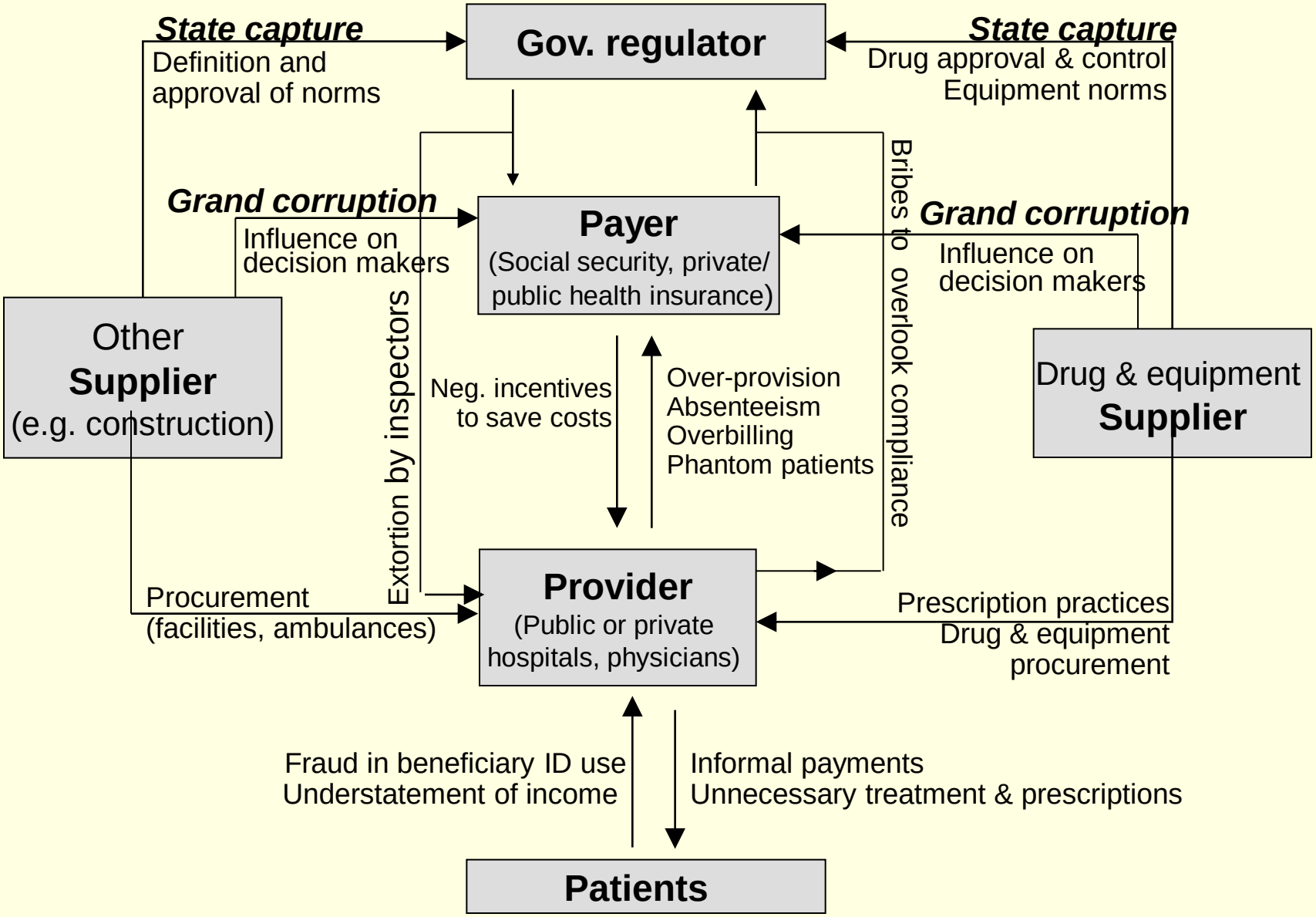
Corruption negatively affects the achievement of health sector goals

How is corruption manifested in the Health Sector?

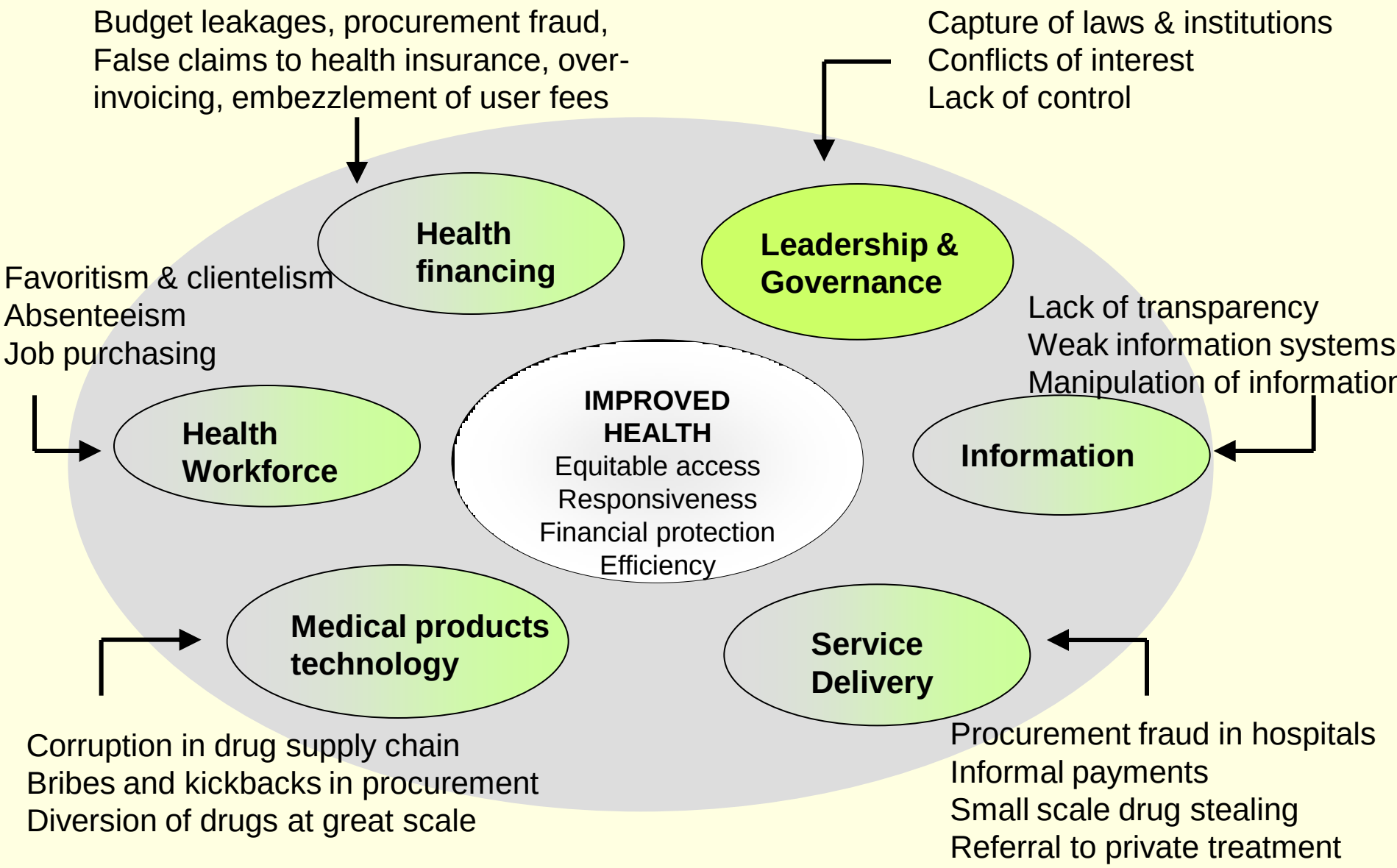
Special characteristics of the health sector

- Market failures: esp. information asymmetry
- Large number of actors with (often opaque) relationships
- Increasing participation of private sector & funding → new risks
- Market failures require government regulation → potential solutions but also new risks
- No clear lines
  - between abuse, unethical behaviours and mistakes
  - between small-scale bribes, socially accepted favours and gifts

Corruption in health – actor mapping



Corruption in health – systems perspective



Different systems – different corruption risks

System Type	Main corruption risks
Direct public provision	▪ ***Theft*** of drugs and supplies ▪ ***Illegal fees*** charged to or extorted of the patients ▪ ***Diverting patients*** to private practice ▪ ***Absenteeism*** ▪ Buying ***of positions*** and promotions
Payment-provider-split	▪ ***Fraud in billing*** government or insurance agencies → types of abuse depend on payment mechanism (fee-for-service, capitation, etc.) ▪ ***Embezzlement***, including by the public finance agent(s) ▪ ***Inducement*** of unnecessary ***treatments*** ▪ Regulations result in new risks: reporting of ***cost structures***, ***licensing*** and ***inspections***
All systems	▪ ***Procurement*** of drugs, capital goods and medical as well as other supplies ▪ **Capture** of laws, norms and institutions
Public private mix	▪ ***????*** Not sufficiently researched yet
Decentralization	▪ ***????*** Not sufficiently researched yet

Drivers of responses in the health sector

- Ad-hoc reaction to scandals & pressure from donors
- Sector leadership and donor support to address punctual problems
- Sector leadership for health sector integrity or AC strategy
- National AC policies or strategies to “ground” in sectors
- International initiatives: drug supply chain (GGM; MeTA)

Emerging issues from international research …

- Lack of well-founded ***diagnostics*** of corruption (risks) in health systems → UNPACK corruption to produce tangible results
- Health ***systems reforms can "reform" corruption risks*** → prevention
- Early-on ***integrity screenings*** of institutions, systems, rules & regulations
- Information systems and access to information are KEY → ***sector wide transparency and information policy***
- Strategy of ***internal and external control*** lacking → need for stewardship
- Social accountability in health faces challenges → ***empower civil society***
  - technical complexities, information asymmetries, lack of publicly available information, and social tolerance of abuse.
- The need for integration: ***Anti-corruption efforts need to be systematically integrated into health sector policies and vice versa***.

Corruption in the health sector

Perspectives from the Arab Region

Questions to the expert on Arab Region

- *What do you consider to be the main problems of corruption in the health sectors in the Arab region?*
  - *Small-scale versus grand corruption and state capture*
  - *Frequency versus incidence (volumes of resources involved)*
- *What have been the main responses to address corruption in the health sectors?*
  - *Sanctions versus prevention (good governance)*
  - *Sector wide priorities / strategy versus "piece meal" / punctual responses*
- *Have they been linked to national anti-corruption efforts? If so how?*
- *Could you give us a very brief overview on the WHO efforts to address corruption in the health sector?*

Questions for the round table

Questions for the round table (the sub-points be used to trigger discussion)

- *What are the main risks to corruption in the health sectors of the Arab countries?*
  - *Small-scale, grand, political corruption and/or state capture?*
  - *Are there differences in lower and higher income countries?*
  - *Do any of the corrupt practices foster (in-) directly conflict or social unrest?*
- *What are the main sources of information to identify and track progress of corruption risks?*
  - *International versus national sources of information? Nation-wide or sector specific?*
  - *Is there a need to "unpack" the concept of corruption to design solutions and track progress? Is there experience?*
- *What are the main opportunities and allies to address corruption in health sectors?*
  - *Social demand, (sub-) sector leadership, national AC drive?*
  - *Cost containment*
  - *International initiatives (GGM), donor support & demand (Global Fund, bilaterals, etc.), South South cooperation*
- *What are the main obstacles and opponents?*
  - *Political economy (health sector part of elite status quo)*
  - *Powerful economic interests of health players (pharmaceutical and insurance industry)*
  - *Health profession*
  - *Social tolerance*

THANK YOU !