Empirical Tools for Governance and Corruption Analysis
How to use them for Public Sector Reform?
Lessons learnt

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Outline

- Objective of the panel
- An illustration: Governance and Anti-corruption Diagnostic Surveys
  - Description
  - Country Cases and selected results
- Lessons learnt and issues for discussion
Objective of the panel

- Do we actually know anymore what we are measuring?
- How can we help various stakeholders make appropriate use of all the tools out there?
- How do we balance global (ranking) measurement tools with national assessments?
- Who should be involved in measuring?
- What are the advantages and disadvantages of the approach you have used?
- To what extent have measurement tools helped shape public sector reforms?
Governance and A-C diagnostic surveys

Objectives: Greater local capacity, baseline governance data, input for policy reform

- A demand-driven, fully transparent **process** which involves different stakeholders at each stage
- Key features:
  - *Three surveys*: households, firms, and public officials
  - Questions focus both on **experience** and **perceptions**
  - Questions are adapted to local realities
  - Rigorous technical requirements in **implementation**
  - Close and continuous **consultations** with different stakeholders during the whole process
  - *Local institution* implements data collection, with guidance from international experts
Governance and A-C diagnostic surveys

The power of diagnostic data:

- Unbundle corruption – administrative, state capture, bidding, theft of public resources, purchase of licenses
- Identify weak and strong institutions
- Assess the costs of corruption on different stakeholders
- Identify key determinants of good governance
- Input to develop concrete policy recommendations
The study as part of a larger process

**Challenge:** poor governance and corruption

1. Establishment of Steering Committee
2. Diagnostic surveys + analysis
3. Draft of the NAS
4. Public dissemination + discussion
5. Revision of the NAS
6. Implementation by Government
7. Monitoring and Evaluation of NAS

**Key Partnership:** Government + Civil Society

**Country Implemented**

- **Technical Assistance**
  - Collects EXPERIENCE & PERCEPTIONS data from service USERS & PROVIDERS (3 sources)
  - Local firm collects data
  - Local enumerators trained
  - Local supervision by technical cmte.

- **End WB T.A.**
## Governance and Anti-Corruption Diagnostics

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<tr>
<td>Haiti</td>
<td>Finalized in 2005</td>
<td>Completed, 2006</td>
<td>Completed (Spring 2007)</td>
<td>Completed Summer 2007</td>
<td>In progress</td>
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<td>Mauritania (Transport)</td>
<td>Finalized (Spring 2008)</td>
<td>Completed firm survey. Pending the other two</td>
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2nd generation diagnostics: El Salvador (Rule of Law); Guatemala (Social Sectors), Yemen (Health), Morocco (Health, Transport), Cote d’Ivoire (Fragile country), Ethiopia (Health)
Country Diagnostic Results

Extent of corruption, (Selected Countries ‘03-’05)

- % users report bribes used frequently in public services
- % public officials report frequent cases of corruption in public administration
- % of public officials report frequent purchase of positions in their institutions
- % of public officials report frequent public funds mis-management

- Sierra Leone (2003)
- Paraguay (2005)
- Madagascar (2005)
Corruption increases inequality

Percentage of household income spent on bribes to obtain services, by income status (as reported by households), Sierra Leone, 2003

- Surveys and Lands
- Municipal/Dist. Councils
- Judges/Courts officials
- Income Tax Department
- Public education services
- Public health services

- high income
- middle income
- low income

percentage of household income spent on bribes
Managers and bribes to obtain public services, Guatemala 2004

% of managers reporting that they were asked for a bribe when seeking these services

Note: Thin lines represent margins of error (95% confidence intervals) for each value. They show the range where the true (population) proportion would lie with probability 0.95 if we had drawn a random sample from this population. Figures are calculated for those managers who contacted the agency between July ‘03 and July ‘04. Selected services.
Corruption imposes barriers to households to access basic services, Sierra Leone 2003

Cost of Corruption: discouraged users by service

- Sierra Leone Housing Corporation (SALHOC)
- Sierra Leone Roads Transport Authority (RTA)
- Public health services
- Public education services
- Municipal and District Councils

Proportion of head of households reporting that they decide to not conduct procedures with these institutions because they couldn't pay the unofficial costs.
Corruption affects differently Urban and Rural areas
(as reported by managers, Zambia 2003)

% of managers reporting that bribes are very frequent…

- To obtain licenses and permits
- To speed up legal proceedings in the judicial branch
- To obtain basic public services
- To update/revise tax status
- To obtain contracts with state institutions
Practice of Purchasing Jobs (as reported by public officials, Zambia 2003)

% of public officials reporting purchase of jobs is a very common practice among...

- superiors
- colleagues at the same level
Public funds are mismanaged by agency
(as reported by Public Officials, Sierra Leone, 2003)

% of Public Officials that said irregularities/(misappropriations) are frequent
### Governance and corruption indicators by province, Sierra Leone, 2003

<table>
<thead>
<tr>
<th>Indicator</th>
<th>South Prov.</th>
<th>North Prov.</th>
<th>East Prov.</th>
<th>West Area</th>
<th>WHOLE COUNTRY</th>
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<tbody>
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<td>Corruption in budget</td>
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<td>Overall corruption</td>
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<td>Corruption in personnel (2)</td>
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<td>Accessibility for poor</td>
<td>85</td>
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<td>Audit Mechanisms</td>
<td>55</td>
<td>59</td>
<td>66</td>
<td>58</td>
<td>58</td>
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<td>Enforcement of rules</td>
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<td>67</td>
<td>80</td>
<td>73</td>
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<td>Politicization</td>
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<td>34</td>
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<td>Quality of rules</td>
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<td>54</td>
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<td>47</td>
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<td>Transparency</td>
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Lessons learnt

- Do we actually know anymore what we are measuring?
  Multi tools do not translate into less precision or confusion. Rather, “competition” allows us to improve our methodologies and to create interesting partnerships (Madagascar, Paraguay, Peru)

- How can we help various stakeholders make appropriate use of all the tools out there?
  Local focus, local capacity building, participation, and learning by doing (Paraguay, Peru, Sierra Leone)
Lessons learnt, cont.

- How do we balance global (ranking) measurement tools with national assessments? Two sides of the same coins, but with different objectives. Important that the two approaches complement each other.

- Who should be involved in measuring? It depends on the country reality. Our experience: the country as a whole. But donors, INGOs can play a very important role (Sierra Leone, Mozambique, Haiti). NSOs should also be involved to promote sustainability (Peru, Paraguay).
Lessons learnt, cont.

- What are the advantages and disadvantages of the approach used?
  Pros: Greater local capacity, consensus and ownership that can ensure sustainability of reform process; south-south knowledge dissemination (Costa Rica, Zambia, Mozambique, Haiti)
  Cons: Time consuming and costly; challenging to coordinate many different actors, especially international ones; unforeseen political changes

- To what extent have measurement tools helped shape public sector reforms?
  Honduras, Burundi, Mozambique, Madagascar
Lessons learnt, cont.

- Additional challenges
  2nd generation diagnostics focus on sector governance => more challenging to apply this model at the sector level (Mauritania, Yemen)
  - Government commitment
  - Transparency of process
  - Participation of different stakeholders
World Bank Governance on the Web

- Public Sector Governance: [http://go.worldbank.org/1HCN3DA3F1](http://go.worldbank.org/1HCN3DA3F1)
- Actionable Governance Indicators: upcoming web site