Health Care Corruption and Governance in Developing Countries: What Do We Know?

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Outline of Presentation

- Define corruption and poor governance for the health sector
- Demonstrate the relative importance of poor governance to health outcomes
- Measure corruption and poor governance in health care delivery
- What to do about it?
Institutions matter

- Health systems are the institutions and will carry the burden
  - In reaching the MDGs
  - In making “cost effective” meaningful
  - In absorbing more funding
- Poor governance and corruption undermine the effectiveness of donor and country efforts to achieve better health status
Definitions

- Governance is the set of traditions and institutions by which authority in a country is exercised, specifically:
  - Capacity of government to formulate policies, manage resources and provide services
  - Process that allows citizens to select, hold accountable, monitor and replace government
  - The respect of government and citizens for the institutions of government
- Corruption: “use of public office for private gain” of “sale by government officials of government property for personal gain”
Six Dimensions of Governance

- The process by which those in authority are selected and replaced
  - **VOICE AND ACCOUNTABILITY**
  - **POLITICAL STABILITY & ABSENCE OF VIOLENCE/TERRORISM**
- The capacity of government to formulate and implement policies
  - **GOVERNMENT EFFECTIVENESS**
  - **REGULATORY QUALITY**
- The respect of citizens and state for institutions that govern interactions among them
  - **RULE OF LAW**
  - **CONTROL OF CORRUPTION**
Governance and corruption

- Not typically addressed in health
- Spending often occurs even when there are indications of poor governance
- Kaufman Kraay and Maztruzzi (KKM) components of central importance:
  - Government effectiveness
  - Control of corruption
  - Voice and accountability
Relationship Between Corruption Indices and Immunization

Gov’t Effectiveness

Control of Corruption

Voice & Accountability

Government effectiveness (KKM 2005)

Control of corruption (KKM 2005)

Voice and accountability (KKM 2005)

R² = 0.293

R² = 0.222

R² = 0.085
The determinants of measles immunization coverage

- KKM government effectiveness indicator positive, robust and significant
- Ethno-linguistic fractionalization consistently negative and significant
- Average primary school completion of women important to better coverage
- GDP per capita irrelevant
Separating governance from corruption

Some are obvious:
- “selling” official positions
- kickbacks,
- outright theft

Others are less clear
- Sometimes it is simply mismanagement, inefficiency, inertia, etc.
- Incentives are often wrong
- Tracking performance tends to be a low priority and hard to do in health
Drugs and Supplies

- Drugs often go missing
  - Costa Rica 32 of users are aware of theft
  - Uganda drug leakage in 10 rural clinics averaged 73%
  - China about 30% of drugs are expired or counterfeit
- Ethiopia and Nigeria recorded missing equipment: in Ethiopia only 21 percent of hospitals have autoclaves
Comparison of Purchase Price Difference for Selected Medical Supplies Across Public Hospitals in Four Latin American Countries

- **Saline Solution**
- **Cotton**
- **Dextrose**
- **Penicillin**

**Countries and Years:**
- Bolivia (1998)
- Argentina (1997)
- Venezuela (1998)
- Colombia (1998)
Absence Rates Among Health Workers

- Bangladesh (2004)
- India (2003)
- India (Udaipur) (2004)
- Indonesia (2004)
- PNG (2000)
- Honduras (2001)
- Dominican Republic (1989)
- Uganda (1997)
What to do? Improve government effectiveness:

- Mixed evidence on the impact of higher salaries, sometimes more corruption
- Better incentives for health workers:
  - employment security
  - recruitment and promotion criteria; and
  - capable management more important
- Raise accountability (hire & fire staff locally)
- Improved oversight; sometimes inspectors improve performance
Improve government effectiveness (cont.)

- Increase audit by central government and autonomy of local government to ensure following of financial procedures
- Address who pays: raise formal fees and ban informal payments
- Contract out services with pay-for-performance
- Citizen “report cards”
- Local oversight can be helpful
Control corruption

- National anti-corruption strategy
- Data base of staff to bolster administration
- Improve records and oversight of info
- In Colombia and Argentina cost of supplies declined with the use of price lists and transparent purchasing
- More information to citizens about public health care expectations and performance
- Make government accountable to communities/national government/oversight board
Voice: mixed results

- Voting and NGO presence have minimal if any effect on corruption in Bolivia, but corruption is lower where local organizing groups are active.
- In Uganda and Philippines voter turnout and corruption levels are unrelated.
- Suggests that public service delivery does not affect voting patterns or candidate selection.
- Voting may be too blunt an instrument.
Conclusions

- Returns to health investment may be very low with corruption and low effectiveness.
- Institutions matter: health systems cannot be divorced from efforts to improve governance.
- Institutional factors need to be strengthened along with spending to improve performance.
- Need more evidence.
- Health can’t be sidelined in overall corruption agenda of donors or countries.