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

Maureen Lewis, PhD.  
Chief Economist Human Development  
World Bank

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# Outline of Presentation

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- 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

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- 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

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- 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

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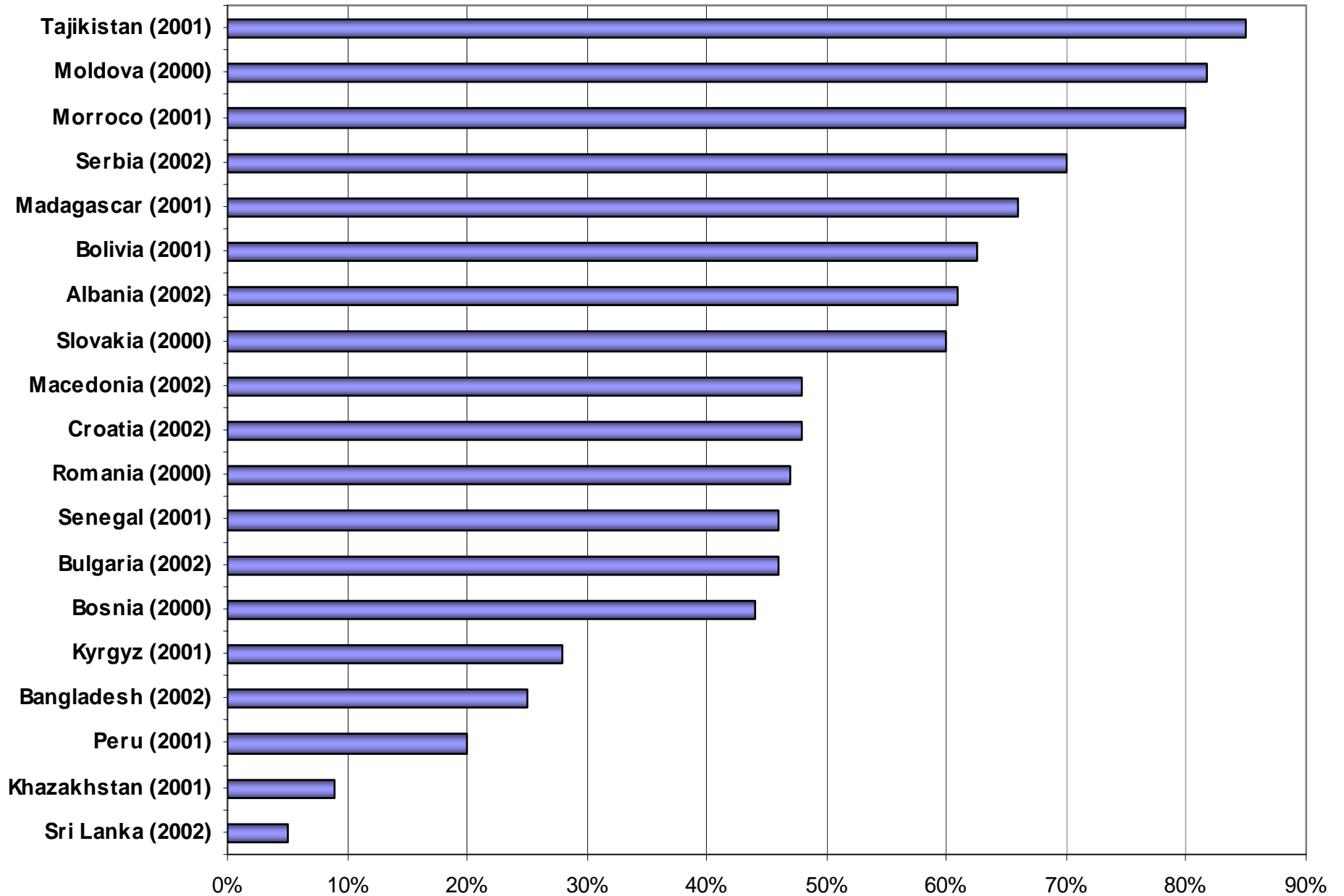
- The process by which those in authority are selected and replaced
  - **VOICE AND ACCOUNTABILITY**
  - POLITICAL STABILITY & ABSENCE OF VIOLENCE/TERRORISM
- The capacity of government to formulate and implement policies
  - **GOVERNMENT EFFECTIVENESS**
  - REGULATORY QUALITY
- The respect of citizens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

# Governance and corruption

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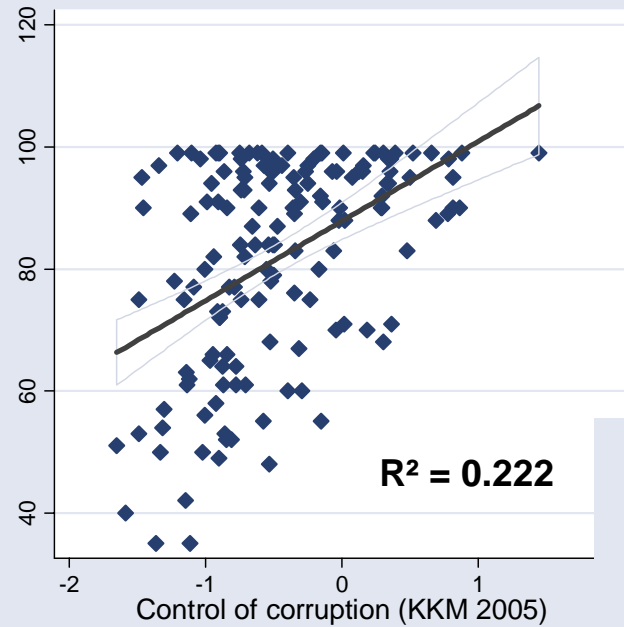
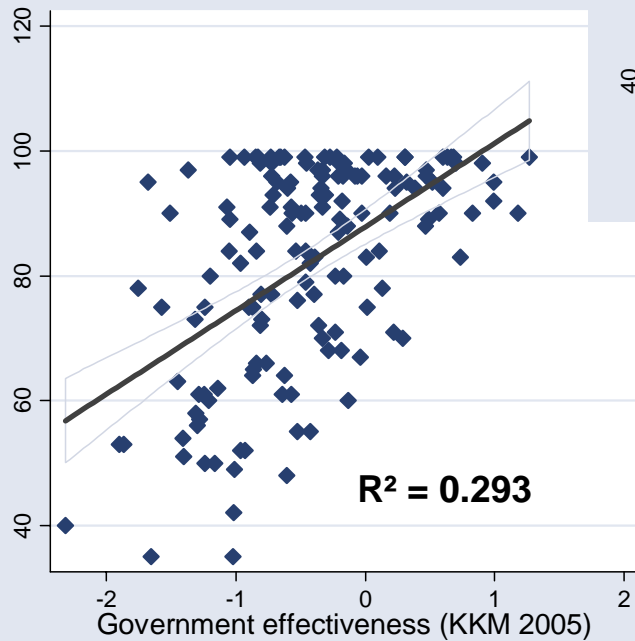
- Not typically addressed in health
- Spending often occurs even when there are indications of poor governance
- Accountability is rare
- Kaufman Kraay and Maztruzzi (KKM) components of central importance:
  - Government effectiveness
  - Control of corruption
  - Voice and accountability

# Percent Perceiving Corruption in the Health Sector



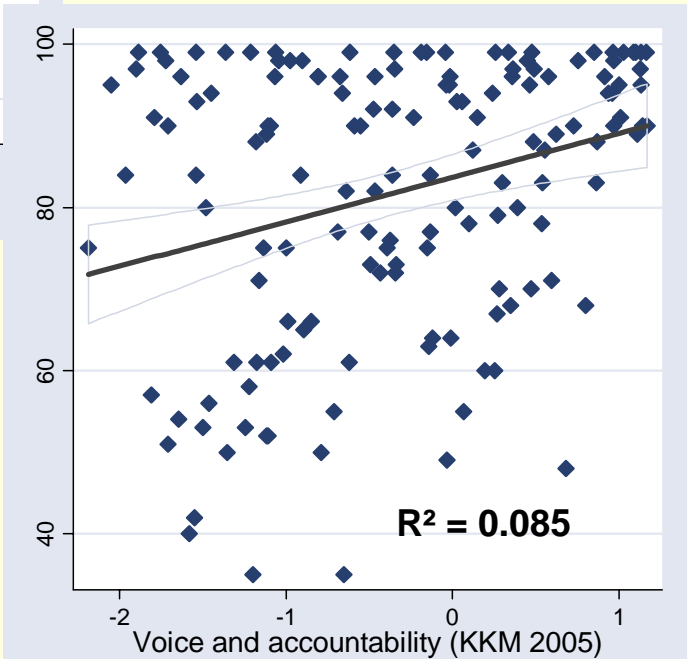
# Relationship Between Corruption Indices and Immunization

Gov't Effectiveness



Control of Corruption

Voice & Accountability



# The determinants of measles immunization coverage

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- 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

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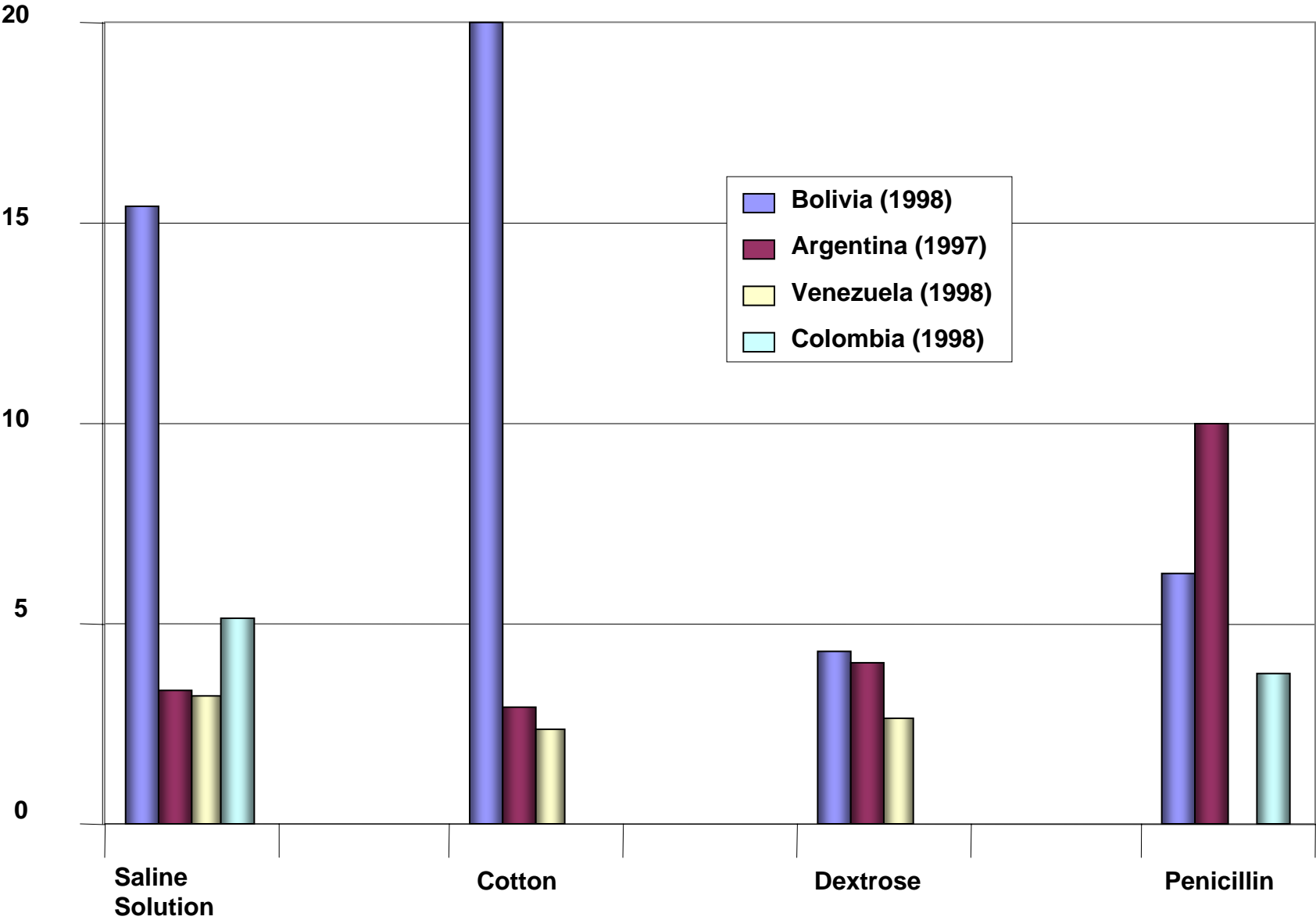
- Some are obvious:
  - “selling” official positions
  - kickbacks,
  - outright theft
- Others are less clear
  - Sometimes it is simply mismanagement, inefficiency, inertia, etc.
  - Incentives are often wrong
  - Tracking performance tends to be a low priority and hard to do in health

# Drugs and Supplies

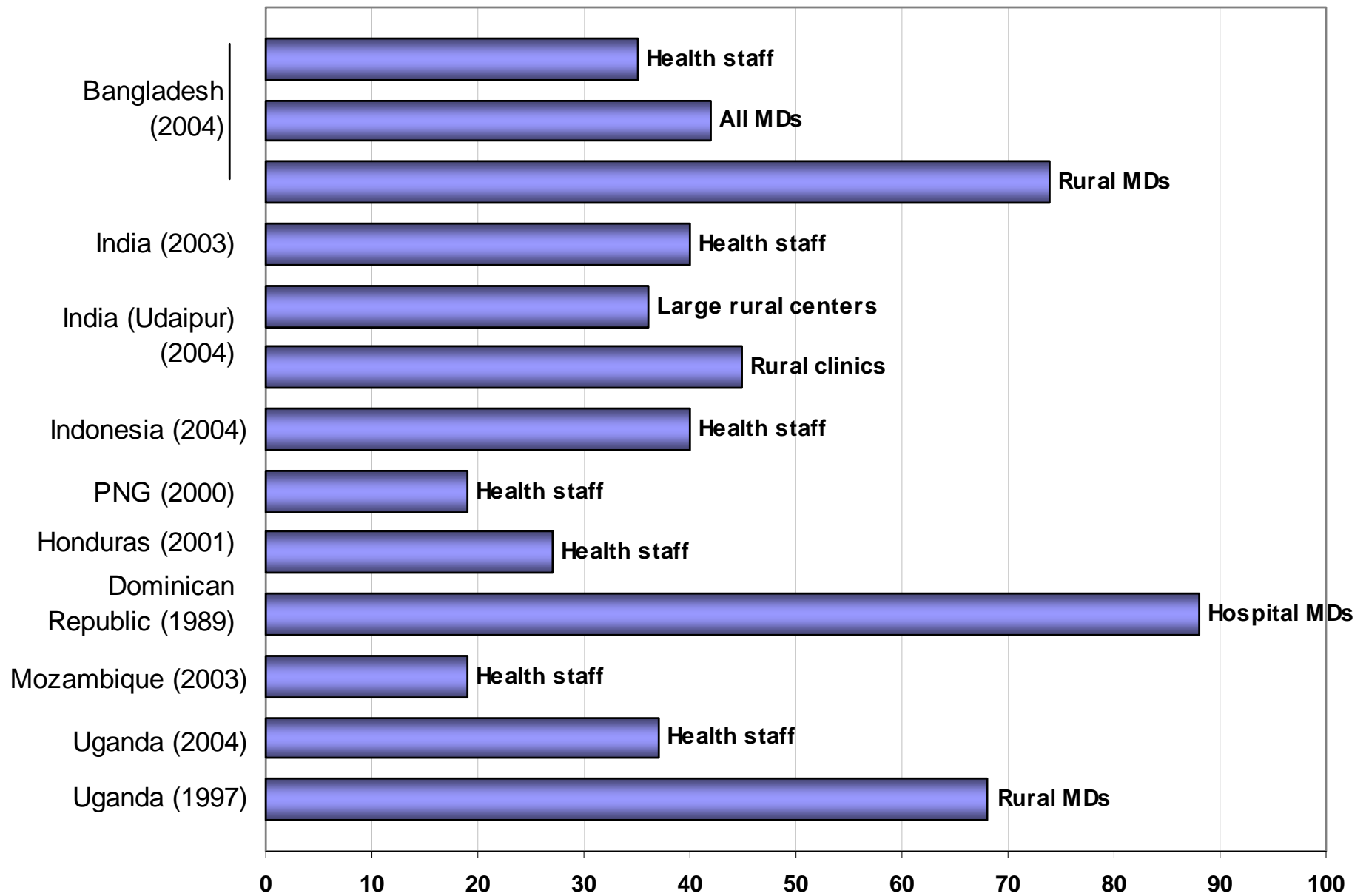
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- Drugs often go missing
  - Costa Rica 32% of users are aware of theft
  - Uganda drug leakage in 10 rural clinics averaged 73%
  - China about 30% of drugs are expired or counterfeit
- Ethiopia and Nigeria recorded missing equipment: in Ethiopia only 21 percent of hospitals have autoclaves

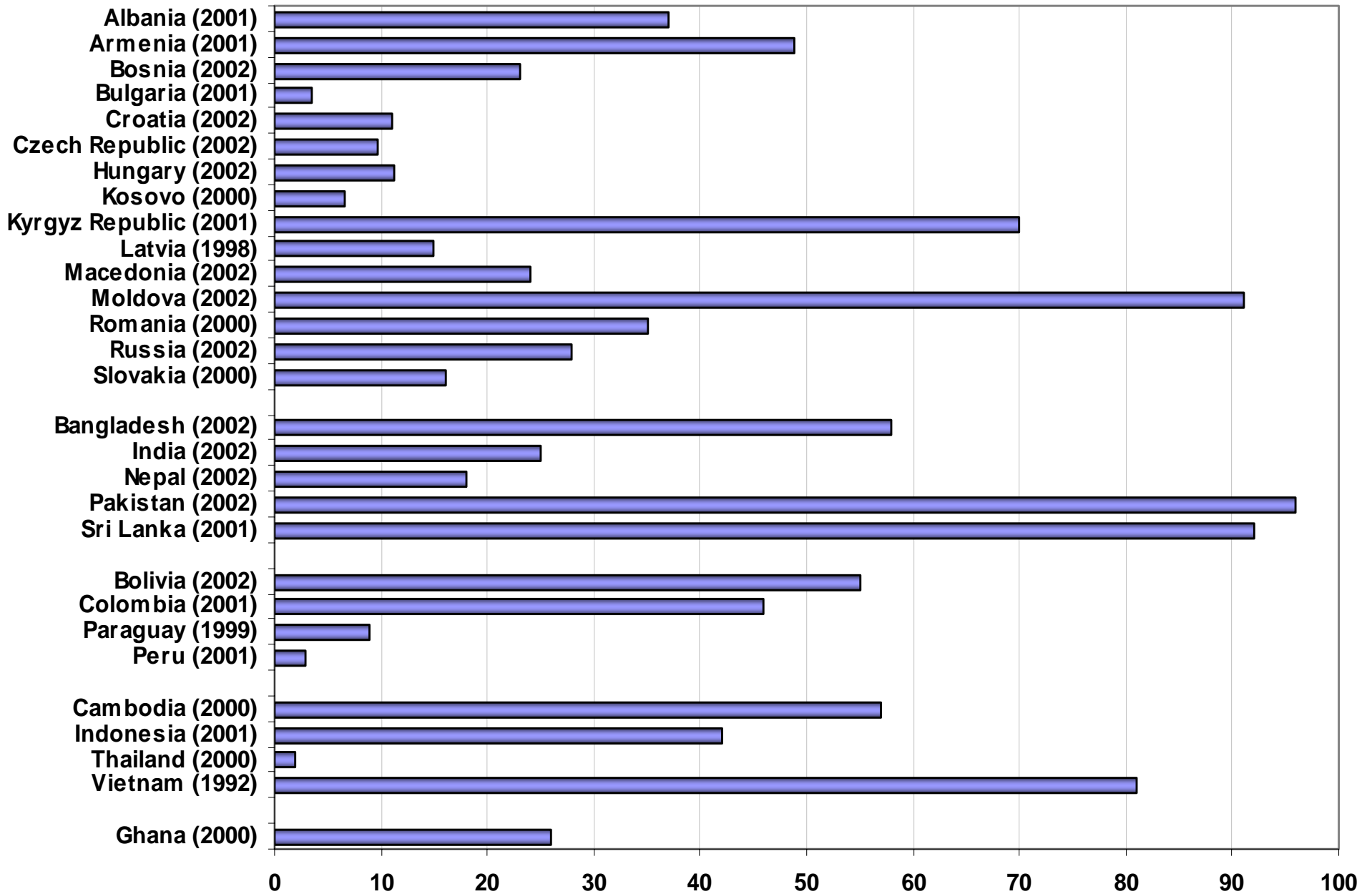
# Comparison of Purchase Price Difference for Selected Medical Supplies Across Public Hospitals in Four Latin American Countries



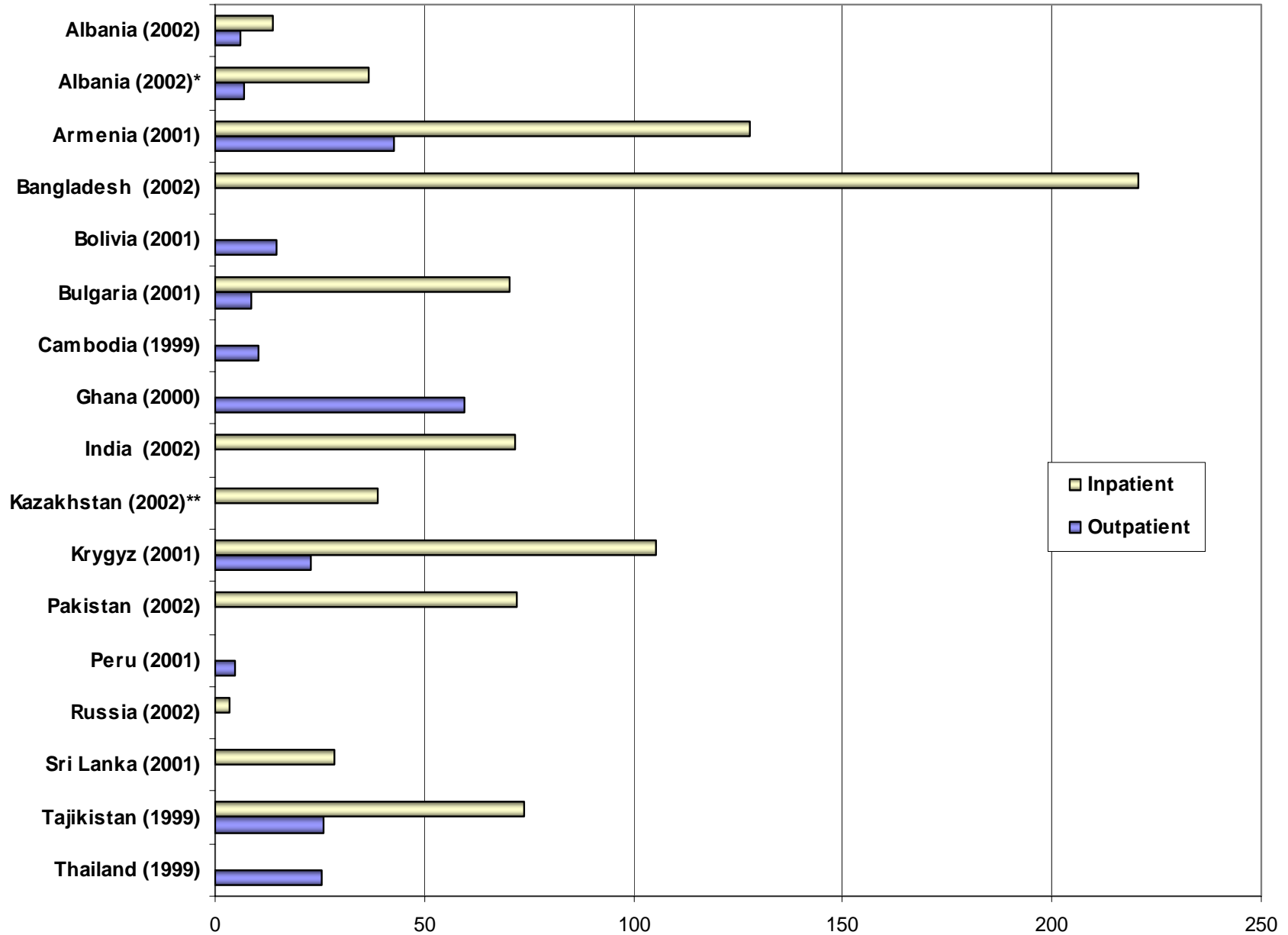
# Absence Rates Among Health Workers



# Proportion Making Informal Payments Among Users



# Informal Payments as % of Half-monthly Income



# What to do? Improve government effectiveness:

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- Raise **accountability** (hire & fire staff locally)
- 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
- Improved oversight; sometimes inspectors improve performance

# Improve government effectiveness (cont.)

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- 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

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- 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

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- 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

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- 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