

Defining and Measuring Corruption: Challenges and Strategies

Combatting Corruption and Promoting Equity in the Health Sector

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July 10, 2019

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What is Corruption?



I KNOW IT WHEN I SEE IT

- Supreme Court Justice Potter Stewart

What is Corruption?

- *Corruption is used to mean **different** things in different contexts* (Bardhan, 1997)
- *The abuse of public or private office for personal gain* (Asian Development Bank)
- *Corruption equals monopoly plus discretion minus accountability* (Klitgaard, 1988)

Bardhan, Pranab. "Corruption and Development: A Review of Issues." *Journal of Economic Literature* 35, no. 3 (1997): 1320–1346

<https://www.adb.org/documents/anticorruption-policy> (Accessed June 25, 2019)

Klitgaard, Robert. *Controlling Corruption*, University of California Press, 1988

What is Corruption?

Corruption is *the abuse of entrusted power for private gain*
(Transparency International)

Source: <https://www.transparency.org/what-is-corruption#define> (Accessed June 26, 2019)

What Fosters Corruption? Examples

- $C = M + D - A$
- Greed
- Passiveness
- Insufficient incentives for “honest” behaviour
- Poor institutional checks and balances
- High reward with low risk of detection and/or with minimal punishment
- Weak or absence of transparency and accountability

Institutional Corruption

“Institutional corruption is manifest when there is a systemic and strategic influence which is legal, or even currently ethical, that undermines the institution’s effectiveness by diverting it from its purpose or weakening its ability to achieve its purpose, including, to the extent relevant to its purpose, weakening ...”

<https://ethics.harvard.edu/lab> (Accessed June 27, 2019)

Petty Corruption

“...refers to everyday corruption that takes place when bureaucrats meet the public. While the sums of money involved tend to be small, they are far from "petty" for the people concerned. Examples include paying bribes to get an ID; enrol in school; or have a phone line installed”

<https://www.u4.no/topics/anti-corruption-basics> (Accessed, June 27, 2019)

Administrative Corruption

“Corruption occurring at the interface between the state, represented by public officials/bureaucrats in decision-making positions and the public/citizens when they need a service. For example, when a citizen coming to take out an ID card is only provided this service if he/she pay the bureaucrat an unofficial payment in addition to the official fee”

Source: <https://www.u4.no/topics/anti-corruption-basics> (Accessed June 27, 2019)

Political Corruption

“The term is both narrowly used to designate the manipulation of policies, institutions and rules in the financing of political parties and in electoral campaigns, and also more broadly as a synonym for “grand corruption”, or corruption taking place at the highest levels of government where policies and rules are formulated and executive decisions are made”

<https://www.u4.no/topics/anti-corruption-basics> (Accessed June 27, 2019)

Corporate Corruption

- Happens within the relationships between private business corporations and their suppliers or clients
- It also occurs within corporations, when corporate officials use the corporation's resources for private gain, at the expense of the shareholder

Source: Vinay Bhargava, Cancer of Corruption, World Bank, Washington, 2005

Endemic/Systemic Corruption

- ***“A situation when corruption is an integral part of a state's economic, social and political system, and where most people have no alternatives to dealing with corrupt officials... Endemic corruption is corruption that is primarily due to organisational weaknesses. In these cases, corruption is the norm and not the exception”***
- **Systemic corruption distorts incentives, undermines institutions, and redistributes wealth and power to the under-serving**

Sources: <https://www.u4.no/topics/anti-corruption-basics> (Accessed June 27, 2019) and Klitgaard et al. Corrupt Cities, (2000) Institute for Contemporary Studies and World Bank Institute.

Sporadic Corruption

- ***“Sporadic corruption is the opposite of systemic corruption. Because it occurs irregularly, it does not threaten the mechanisms of control nor the economy as such. It is not crippling, but can seriously undermine morale and sap the economy of resources”***

<https://www.u4.no/topics/anti-corruption-basics> (Accessed June 27, 2019)

Is it Corruption.....

- If within the bounds of the law?
- If socially/culturally accepted (e.g. gratitude payments)?
- If you cannot measure it?
- If it helps to finance a poorly resourced health system?

How to Measure Corruption?

- Challenges with regards to measuring corruption:
 - Corruption is complex, nuanced and multifaceted
 - No common methodology
 - How to compare different types of corruption?
 - Skewed results possible
 - Perception often used but not always verifiable
- Two main approaches:
 - (1) **Measurement** – aims to quantify the extent of corruption
 - (2) **Assessment** - seeks to identify the factors that allow corruption to take place

Source: U4 Resource Center

Corruption Measures

- Scale and scope of indicator: what is it that they measure or assess?
- Rule-based vs. outcome-based
- Internal vs. External Stakeholders and Measures
 - Population or Experts? Local or external?

Source: M. Balan, Governance of Pharmaceutical Policy Workshop, University of Toronto, September 2017

Corruption Measures

Private risk-assessment firm indicators

- *International Country Risk Guide*

“ICRG makes its risk assessments relevant by quantifying its forecasts and ratings across 140 countries, over a 40-year period, and applying them to the behavior and protection of assets”

https://www.prsgroup.com/wp-content/uploads/2019/02/ICRG_Brochure_2019.pdf (Accessed June 25, 2019)

Perception-based measures

- *Corruption Perception Index, Transparency International*

“... launched in 1995, the corruption perceptions index has been widely credited with putting the issue of corruption on the international policy agenda”

<https://www.transparency.org/research/cpi/overview> (Accessed June 25, 2019)

Corruption Measures

Governance Indicators

- *Control of Corruption Index, World Bank*

“An index constructed by the World Bank as one of the six composite World Governance Indicators to capture corruption on a scale of -2.5 to +2.5, where the higher the index the less the corruption indicated”

<https://www.igi-global.com/dictionary/the-impact-of-corruption-on-economic-growth/52513> (Accessed June 25, 2019)

Experience based measures

- *EBRD - World Bank Business Environment and Enterprise Performance Survey and International Crime Victim Surveys, Household Surveys*

“The survey has evolved into the world’s premier program of standardised surveys looking at householders’ experience of common crime in different countries”

<http://wp.unil.ch/icvs> (Accessed June 25, 2019)

Corruption Measures

System Diagnostics

- *WHO Pharmaceutical Transparency and Accountability Assessment Tool*
“WHO has developed this tool to assist countries with the assessment of the public availability of key documentation that facilitates accountability of the pharmaceutical system. This document is intended for policy makers and concerned stakeholders with an interest in improving governance in the pharmaceutical system as well as for those who will carry out an assessment.”
<http://apps.who.int/medicinedocs/en/m/abstract/Js23562en/> (Accessed June 25, 2019)

Integrity Measures

- *Global Integrity Reports*
“The Global Integrity Report (GIR) is an essential guide to anti-corruption institutions and mechanisms around the world, intended to help policymakers, advocates, journalists and citizens identify and anticipate the areas where corruption is more likely to occur within the public sector.”
<https://www.globalintegrity.org/resource/global-integrity-report-2010-data/> (Accessed June 25, 2019)

Take-Aways

- Corruption is not uniform
- No common methodology
- Still, a number of credible methodologies exist – and continue to evolve
- A clear understanding essential if we hope to measure corruption and design appropriate anti-corruption, accountability and transparency (ACTA) measures