

# **PARTNERSHIP FOR TRANSPARENCY FUND**

## **Assessing Governance for Eliminating Corruption in Health Sector in Pakistan**

### **Project Completion Assessment**

#### **I. Background**

1. *Heartfile*, a Pakistan-based non-profit, health-sector NGO, initiated in 2006 the project for assessment of governance for eliminating corruption in health sector in Pakistan. The project was to be conducted in collaboration with the Health Sector Reform Unit of the Government of North Western Frontier Province of Pakistan. Partnership for Transparency Fund (PTF) approved a grant of \$23,183 in June 2006 to support the Project. The Project was started in November 2006 and was completed in October 2007. A detailed project completion report was finalized in November 2007.
2. The purpose of the project assessment report is to analyze whether the main objectives of the Project and the PTF grant have been achieved and draw lessons of experience for application to future similar projects and activities. The report is based on review of project documents and material and interviews with the Principal Investigator and other members of the Project team.
3. In this report the following questions will be addressed:
  - (i) Were the Project objectives and design realistic?
  - (ii) Has the Project achieved its objectives?
  - (iii) Are the achievements of the project sustainable?
  - (iv) What lessons can be learned from the Project?
  - (v) How do project costs compare with achievements and benefits?
  - (vi) What follow-up actions are needed?

#### **II. Project Objectives and Design**

4. The objective of the Project was “to carry out an anticorruption intervention in one health facility setting in the North West Frontier Province (NWFP) of Pakistan in collaboration with the *NWFP Health Reform Unit*, drawing on the existing evidence of corruption in the health sector with a view to developing assessment and intervention tools that can be later utilized and institutionalized in other health facilities of the province”. The project was designed to develop a specific project site, where anti-corruption intervention would enable bringing down the costs of corruption in financial and human terms. It was also envisaged to develop an Agreed Action Plan for Department of Health of NWFP Government (DOH) on anti-corruption strategy and to help institutionalize anti-corruption assessment and intervention tools. The specific project site selected for the purpose was Lady Reading Hospital, Peshawar.

5. During the initial phase of implementation, it was realized that a study of a specific site Lady Reading Hospital was not realistic. During the planning process, DOH changed the management of the Hospital, which spurred controversy in professional and administrative circles not just in the Hospital itself but in DOH as well. As a result, DOH officials concluded that an anti-corruption assessment in one facility may not be appropriate and that it would be best to conduct a sectoral analysis of corruption within the health sector, as a whole. Also, preliminary discussions alluded to the various patterns of corruption in the public and private health sectors and reiterated the need to bring clarity to those patterns as a first step. It was also recognized that corrupt activities were deeply entrenched in the system and were, therefore, not amenable to reform through isolated measures but needed a synchronous set of coordinated reforms.

6. The Project was therefore changed to focus on the corruption practices and issues in health sector in NWFP, as a whole, instead of focusing on practices in one specific project site (Lady Reading Hospital). This resulted in a significant change in the scope of the Project. The original scope would have resulted in a study of mainly the corrupt practices in the operational and administrative domains, while the sectoral analysis of corruption in health sector in general added a broader dimension of “state capture”, which is rooted in the weak capacity of state institutions along with lack of control and accountability and related economic interests of the powerful elite, oversight of practices in field work, regulatory framework of pharmaceutical industry as a whole and marketing.

7. The original project objective, as stated in the project document, does specify carrying out an anti-corruption intervention in one specific health facility. However the reference to the specific health facility to draw on the existing evidence of corruption in the health sector was a part of the methodology only and the main objective remained “developing assessment and intervention tools that can be later utilized and institutionalized in other health facilities of the province”. This objective not only remained the main focus of the revised scope of the Project, but also added new dimensions in the study of broader aspects, as stated in para 6 above, thereby making the Project outcome more relevant and desirable. Therefore, the project objectives and design, as modified, are considered appropriate to the ground realities.

### **III. Methodology and Implementation**

8. The Project was meant to be implemented in four phases, namely assessment, intervention, dissemination and institutionalization. A brief discussion of methodology and implementation aspects with envisaged and actual outcomes is given below.

9. This phase included a generic review of existing data and evidence, literature search and key informant interviews and focus group discussions using a validated instrument and development of indicators. A total of 50 interviews of professionals of various agencies and at various levels and seven focus group discussions were conducted. Various documents and inside reports also were examined. The range of such professionals was much broader than it would be if the original approach was used due to the expansion of the scope of the project. The methodology adopted was to conduct

descriptive and qualitative study, envisaging that such a study would be relevant to mapping corruption practices that are deeply entrenched in the system and could serve as an entry point to comprehensive corruption assessment and subsequently, hopefully, an anti-corruption reform. The Project completion report (PCR) of the Executing Agency (*Heartfile*) gives adequate reasons for adopting such an approach over other possible approaches which would have given a more precise estimate of corruption in several corruption related domains discussed in PCR. A more tangible and quantitative understanding of these subjects will require additional studies. Notwithstanding such limitations, it must be appreciated that qualitative survey methods adopted for the Project have yielded important insights into corruption which can form the basis for future analytical work.

11. The main outcome of the Project relates to the discussion of various practices and modes of corruption in various domains identified, such as (i) strategic vision and directions and state capture; (ii) decision making on health related human resource; (iii) decision making in procurement and contracting; (iv) regulation; and (v) unethical marketing. The state capture discusses the importance of stewardship and guidance through strategic policy directions, capacity building and transparency which are often influenced by vested interests.

12. PCR discusses various malpractices and deficiencies in the oversight and control processes in respect of human resource management. These have been discussed with examples from the domain of recruitments, placements, and monitoring. The devolution of administrative power seems to have created controversy and potential conflict between interests of district political administration and district civil administration. Deliberate lack of attention to oversight and accountability seems to have contributed significantly to such malpractices. These examples do identify areas where organizational and systemic changes can bring about reforms in the health sector. These changes could include mechanism to improve oversight by peers and stakeholders, particularly the beneficiaries and civic society leaders.

13. Procurement and contracting is the main domain where the specific- site related study would have maximum relevance and focus. The methodology used for the study has included personnel from specific sites at various levels and in adequate numbers to make the instances of malpractices credible and therefore seems to have achieved the main objective of the Project. The Study reports that corruption in this domain is probably most institutionalized. However, the magnitude depends on the size and mode of procurement and the level of checks and balances in place and the opportunities for bypassing and exploiting the systems and procedures. This is also an area where specific-site related situation would give an opportunity to bring out reforms directly benefiting the beneficiaries with measurable results. This could still be achieved by applying the instances discussed in the Study and introducing specific reforms relating to an institution depending on the will to take further follow-up actions at the higher levels.

14. The Study describes the regulatory strategies along with the related malpractices and deficiencies in the regulatory mechanisms under two main headings, namely (i)

regulation and management of services in publicly owned and financed systems; and (ii) regulation initiated by the Government to correct market failures. The first form of regulations is meant to ensure provision of services both qualitatively and quantitatively. Such health systems have the social welfare mark. However these are undermined by insufficient funding, involvement of private sector in the delivery of social services, and lack of transparency in governance. The Study discusses in details the patterns of corruption in publicly financed systems where field operations is necessary, e.g., population programs including family welfare clinics, sanitary inspectors, malaria control program and vaccination, and where services are delivered out of the facilities like basic health units, hospitals, etc.

15. The second area of regulatory strategies to correct market failures involve administrative and bureaucratic control exercised by the Government agencies and have been described under the domain of service delivery by the private sector, regulation of health related human resource and regulation of pharmaceuticals. The Study also discusses unethical marketing in an environment where local regulations are exploitable and regulatory capacity is weak to implement the international code of marketing practices. The ultimate outcome of all these practices is either higher price of medicines and/or compromised quality.

16. The Study discusses at length the corruption practices in these broad areas, where the corruption practices like the existence of the “Kitty Funds” would have been missed in the site-specific study originally envisaged. In this respect the revised methodology of sectoral study has added the usefulness of the Study, which should bring out the importance of an action program to reform regulatory and over-sight mechanism in these areas.

#### **IV. Framework for Action and Action Plan**

17. As mentioned earlier, the Study draws a distinction between the two forms of corruption from the point of view of the feasibility of anti-corruption reforms in Pakistan. On the one end of the spectrum are corruptions practices, which fall in the operational/administrative domains, most of these represent individual coping strategies and are relatively more amenable to reforms. At the other end of the spectrum, corruption involves a level, which the Study describes as the state capture, which is rooted in weak capacity of state institutions along with lack of control and accountability and vested economic interests of the powerful elite.

18. The first kind of corruption involves a variety of patterns in the operational, administrative and regulatory domains. The study describes that there is evidence to show that corruption at this level can be addressed to some extent if attention is paid to three aspects of reform, which strengthens the incentives-performance-accountability nexus. The Study further outlines an action program comprising eight points; (i) developing effective and transparent system for public service; (ii) establishing and implementing ethical and administrative codes of conduct; (iii) developing management tools that safeguard accountability of public service; (iv) capitalizing technology for promoting transparency in management and tracking; (v) promoting market harnessing

methods in regulations using contracting and self-regulation; (vi) strengthening of local regulations in line with international code of practices and their enforcement; (vii) mainstreaming alternative modes of service delivery and financing at a service delivery level; and (viii) capitalizing the public private nexus to make governance more inclusive and participatory as well as independent and transparent.

19. These recommendations are very broad, encompassing a wide spectrum of corruption practices in the health sector as whole, which are in line with the nature of the Study itself. Some recommendations of site-specific nature to introduce systemic changes in the management of institutions, such as establishment of autonomous oversight boards composed of independent professionals and representatives of stakeholders, particularly the main beneficiaries of the services, transparent contracting and procurement procedures, appointment of professionals in the management position of health related disciplines, would have made the study more useful.

20. The other kind of corruption -- relating to state-capture -- is much harder to fight and overlaps with regulatory capture. Here an anti-corruption agenda includes reforms of political institutions and building mechanisms of oversight, judicial and prosecutorial reforms, and expanding the use of consumer voice by creating avenues for seeking redress. In order to implement these approaches, there is no need to introduce new statutes or institutional mechanism. These are indicative and require action on political level which is beyond the scope of the Study.

## **V. Institutionalization and Dissemination**

21. The Study has outlined the patterns of corruption in health sector in Pakistan. Being a broad sectoral study, it underscores the need for further analytical steps as a priority. These include the need for studies to determine and quantify the level of funds misused and development of indicators for Pakistan. However, the indicators must be action worthy. The specific measures determined by such studies could be applied to a wide variety of health services related institutions, thereby benefiting the large segment of the society.

22. The Project has taken a number of steps to disseminate findings and to help institutionalize anti-corruption measures. The Study findings were presented at a national meeting organized by the National accountability Bureau (NAB) and chaired by the Prime minister of Pakistan. NAB is an agency mandated with anti-corruption work in Pakistan. It is yet to begin anti-corruption work in the health sector, but there is a strong possibility of building further on the work of this Project. DOH will release the action plan once the newly elected Government in NWFP is in place (expected towards the end of February or early March 2008). The Health Policy Forum will oversee this process and provide technical support to it over a long term basis. The Study will also form the opening chapter of a Gateway paper on health reforms -- a powerful technical and political tool to place anti-corruption work high on the agenda. These follow up measures are deemed satisfactory and are indicative of the potential sustainability of the outcome of the project.

## VI. Lessons Learned

23. During the implementation of a project, the project can deviate from what was originally conceptualized due to ground realities that can not be foreseen and taken into consideration during the planning phase. It is important for the project design and project stakeholders to allow for flexibilities to incorporate needed elements as the project gets implemented to suit the best interest of outcomes.

24. The project was initially focused on one hospital, however the determinants of corruption in one facility are deeply embedded in overarching governance processes at a sectoral and cross sectoral level; therefore, confining assessment to one facility is both restrictive and would not have served the purpose.

25. Expanding the scope of the Project enabled an assessment of corruption at a sectoral level in health giving a consolidated picture of corruption in the health system for the first time in Pakistan. This is much further than what a health facility based study could have shown. In particular a facility based study would have missed the patterns of corruption at a field level relevant to the national program for prevention and control of diseases which are recipient of the major bulk of the public funds. In addition, it would also have missed the dimension of corruption in the regulatory domain and in state capture. Broadening the scope of the Study in response to the need enabled an understanding, which forms the basis of the implicit anti-corruption intervention recommended in the action plan.

26. Corruption is an extremely difficult area to work around; it puts people and institutions on the guard and defensive. Therefore, anti-corruption work requires careful planning and adoption of a strategy that would avoid a direct conflict with organized vested interests. In the case of Heartfile project, a sensible decision to alter the project design at an early stage when problems started to surface enabled the work to be completed with useful outputs.

## VII. Costs and Benefits

28. The Project cost as originally estimated was Rs. 1.78 million, with direct costs of Rs. 1.41 million and administrative costs of Rs.0.37 million. Out of this PTF funds provided Rs. 1.391 million (equivalent to \$23,183) and Rs. 0.39 million were to be contributed by Heartfile. Actual cost data has not been made available. However, it is deemed reasonable to assume that with the expanded scope of work for the Project, the related costs would have been higher and that *Heartfile* has absorbed the additional costs.

29. The outcome of the Project is such that it is difficult to quantify the benefits of the Project. Furthermore, the real benefits of the Project would accrue with the outcomes of the future studies and follow up actions described in paragraphs 21 and 22 above, which would build on the outcome of the Project. However the immediate and main benefit of the Project is greater awareness of the depth and breadth of corruption in health sector in Pakistan. In this respect the benefits far outweigh the costs.

## VIII. Follow-up actions

30. As noted earlier, the Project should lead to further specific action-oriented studies. NAB should initiate actions on health sector anti-corruption program. As DOH releases the Action Plan after formation of the new Government in NWFP, Health Policy Forum should start its work to oversee the process and provide technical assistance for implementation of the Action Plan in the long run.

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