INSPECTORATE
OF GOVERNMENT

COST AND EXTENT OF CORRUPTION IN THE HEALTH SECTOR IN UGANDA

POPULAR VERSION

DECEMBER 2021

FOREWORD

Corruption in Uganda's health sector hinders access to vital services, worsening poverty and increasing inequality. Access to essential services across the country is often dependent on the ability to pay a bribe to the public servants who act as informal gatekeepers. The health sector is a key public service in Uganda and has a large influence on citizens day-to-day life. Most citizen of Uganda will be in touch with the sector several times in a life time.

Despite being a clear challenge, comprehensive upto date estimates of the extent and cost of corruption in the health sector are lacking. By failing to measure the cost of corruption in the health sector and establishing the magnitude of the problem to Ugandans, adequate and appropriate anti-corruption measures cannot be developed.

The Inspectorate of Government (IG) in 2021, commissioned the research on the cost and extent of corruption in the Health Sector in Uganda with support from the German Government, through the Deutsche Gesellschaft for Internationale Zusammenarbeit (GIZ) GmBH. The research was conducted by the Governance Transparency Institute (Hungary) which is an international and non-partisan think tank in good governance.

With the combined effort of all the laws and institutions in place the war against corruption has mainly centered on whistleblowers, tracking suspects, investigating, prosecution, conviction, incarcerate and recovery of the loot. But the fact is that only a very small percentage of corruption gets detected or even gets to the level of being investigated at all.

There is therefore need to rebrand the war from being an Executive, Parliament, Judiciary, IG, NGOs and anti-corruption agencies' war with citizens of Uganda being mere frustrated spectators, to a Citizens' War.

As we release the report of extent and cost of Corruption in the Health Sector Uganda, it is my hope that relevant authorities and institutions in the sector will take the findings seriously, have further deliberations to improve on the implementation of strategies for the elimination of corruption in the Health Sector in Uganda.

I have the honour to present the report on the extent and cost of Corruption in the Health Sector to the people of Uganda and all stakeholders in the fight to eliminate corruption. I implore all stakeholders to read this report and set targets that will help deter, prevent and eliminate corruption in all public institutions.

Beti Kamya Turwomwe
INSPECTOR GENERAL OF GOVERNMENT

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ABOUT THE AUTHORS

In 2021, the Inspectorate of Government, initiated the research on the cost of corruption in Uganda with support from the German Government, through the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmBH. The Government Transparency Institute (GTI) a non-partisan think tank researching and advocating good governance was contracted to conduct the study. Born from the research and Civil Society activism of its founder Mihály Fazekas, the Institute was founded in Budapest, Hungary in 2015 to provide an independent, research-driven voice to the causes of transparency, anti-corruption, and good governance in Europe and beyond. It is financed by private donations, European research funds, and government contract work, and works independently of political parties or special interest groups. The aim of the Institute is to better understand the causes, characteristics, and consequences of low-quality governance with interdisciplinary analysis, drawing on political science, economics, law, and data science.

The Institute help citizens and companies hold their governments accountable through the publication of novel datasets and robust analyses. The unique research approach uses Big Data, econometrics, and qualitative methods to understand micro-behaviour, macro-outcomes, and the links between the two. The main themes include corruption, collusion, spending efficiency, administrative quality, public procurement, and legislative processes. We believe that the combination of a thorough qualitative understanding and precise quantitative measurement of the state is the foundation of good governance.

The main authors of the report on cost of corruption were; Mihály Fazekas, Isabelle Adam, Olena Nikulina (Government Transparency Institute)

The findings and analysis in this report is attributed to the authors and by no means constitute the views of the Inspectorate of Government of Uganda or the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH.

NOTE
Exchange rate: Euro to Uganda Shillings as at December 2021, 1 EURO = UGX. 3971.75

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HIGHLIGHTS

The eradication of corruption in the healthcare sector of Uganda could bring substantial annual savings of UGX. 672.7 billion, according to the lower-bound estimate. This is equal to 26% of 2019 government spending on healthcare.

The cost of healthcare workers' absenteeism at UGX. 495.1 billion is the highest of the measurable costs in the sector. Absenteeism is a complex problem driven by diverse factors including low and delayed salary payments, work stress, and lack of accommodation.

Corruption costs in the healthcare sector are likely to fall more heavily on poorer households, who already have worse health outcomes.

The study identified major groups of policy interventions to simultaneously reduce the prevalence and costs of corruption in the healthcare sector: i) improve monitoring of corruption and oversight across the sector; ii) improve integrity in public procurement through better tender design and more competition; iii) improve working conditions of healthcare workers such as through providing better accommodation; iv) empower users of healthcare users by educating them about their rights to receive medicines and services.

BACKGROUND

There is broad consensus that corruption undermines quality and accessibility of vital public services in Uganda, especially healthcare. According to the fourth National Integrity Survey Report and other survey sources suggest, not only bribery but also other forms of corruption such as absenteeism and ghost workers seriously impact healthcare provision. The problem seems to be growing as evidenced by the increasing share of Ugandans reporting that they pay bribes and stating that corruption has worsened. In particular, the fourth National Integrity Survey found that 76% of respondents believed that corruption had increased in the previous 12 months.

While corruption in healthcare threatens the lives and wellbeing of individual citizens and the society at large, up to date and comprehensive estimates of the extent and cost of corruption in the sector are lacking. This report briefly summarizes evidence about the costs of corruption both overall and across different groups of cost bearers. It is a summary of an in-depth study available at: www.igg.go.ug.

It is hoped that the evidence from the report can be used to inform the debate, underpin advocacy campaigns to change policies or institutions, and allow prioritization of reform efforts.

The cost of corruption estimates are based on a variety of methods and data sources: analysis of our household survey results, as well as secondary survey data; analysis of qualitative data gathered through in-depth interviews with experts and practitioners in the sector; analysis of government administrative data; desk review of the available literature and high-value cases of corruption. Overall, the estimates should be considered as a lower bound estimate of the true cost of corruption.

For more details on our methods and their limitations see Box 2 at the end of this report.

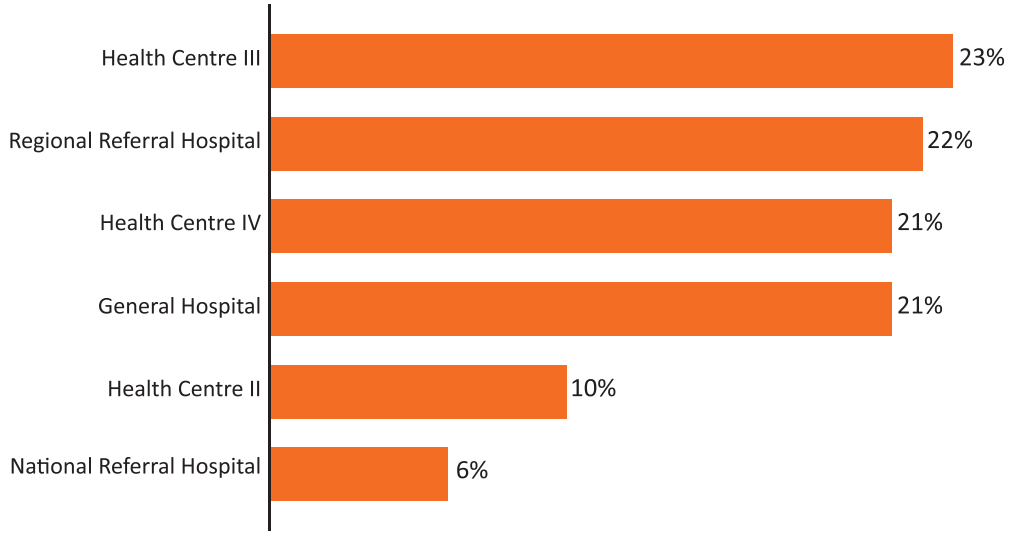
KEY FINDINGS

Costs to users due to giving bribes or gifts to healthcare providers

According to our survey, 80% of all households interacted with the healthcare sector at least once within the previous 6 months, and 20% of those households reported that they or someone from their family had been asked to pay a bribe to a healthcare worker. Using estimates of the prevalence of bribery and the median size of a bribe (UGX. 20,000), the study calculated a total cost for users due to bribery in healthcare of UGX. 140.8 billion.

Requests for bribes were found to be most frequent at Health Centres III (23%) and Regional Referral Hospitals (22%).

Figure 1. Which healthcare facilities asked for a bribe?

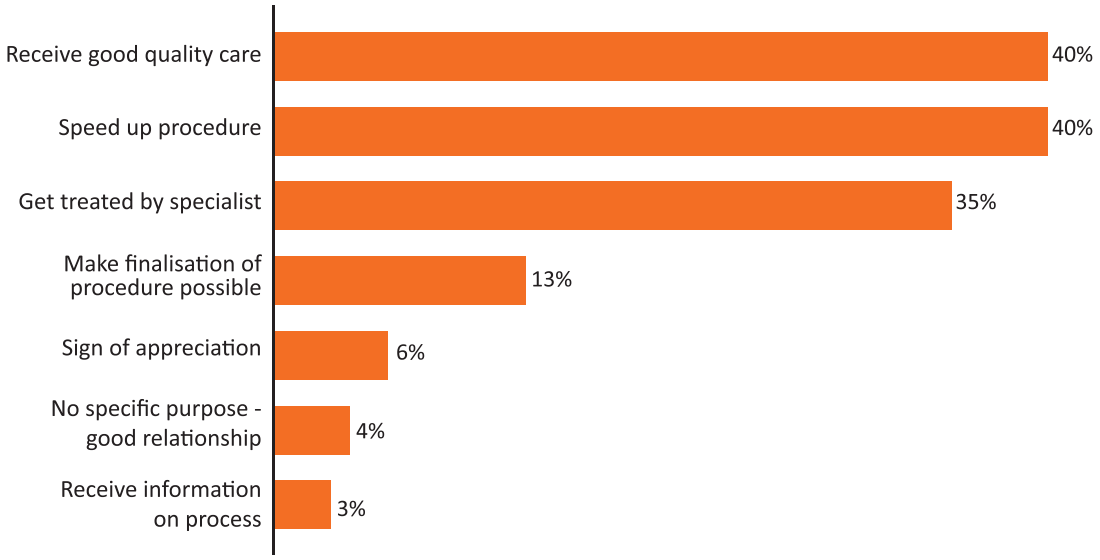


Note: % indicating facility where bribe payment was requested, amongst sample of those that were approached to pay a bribe. Not included: private clinics (2%), village health teams (<1%), and DKs/ refusals. Respondents could choose more than one facility.

However, there is little variation in the odds of being asked for a bribe depending on the illness/ condition of the patient. Among households who reported being asked to pay a bribe, 22% included someone with a long-term physical condition, 19% someone who was pregnant or had birth-related health needs, and 18% had a member with malaria.

The most frequently mentioned motivations to bribe were to receive good quality care and speed up a procedure. Interestingly, appreciation payments appeared less common - only 6% of payers cited this as a motivation.

Figure 1. Motivation to bribe.



Note: % indicating motivations for bribe payment, amongst sample of those that were approached to pay a bribe. Respondents could choose more than one motivation.

The analysis also confirmed that poor households are disproportionately vulnerable to bribery in the healthcare sector. Poverty increases the chance of households being approached for a bribe for healthcare services by 18 percentage points.

Loss of treatment due to not being able to afford the bribe

Another cost arises from there being a widespread expectation that bribes or gifts must be paid in order to obtain healthcare. Sometimes the need to pay puts significant financial strain on households for example, 9% of the total sample reported having to cut other expenses in order to pay a bribe for health-related services, while 7% had to borrow money to afford a bribe.

In the household survey sample, 3% of potential healthcare patients reported that they or their family members did not receive treatment because they refused or were unable to pay a bribe. Another 1% did not access healthcare services despite needing them because they could not pay a bribe. Using the average government health expenditure per capita , the study estimates the loss of necessary treatment to be nearly UGX. 33.3 billion. Moreover, delays in seeking treatment may increase costs of treatment at a later date, owing to late diagnosis.

Costs to the public budget due to absenteeism

On average, in public healthcare facilities in Uganda, one out of every two health workers is absent on any given day. As a consequence, the public budget loses nearly UGX. 495.1 billion in terms of "wasted" salary payments to absent healthcare workers.

Additionally, prevalent absenteeism imposes a strain on healthcare workers overall, increasing their workload, stress levels and potentially undermining their commitment to the job. This further undermines the operation of the system as a whole.

While discussing this cost, it is important to acknowledge the drivers of high rates of absenteeism in healthcare in Uganda. Multiple studies suggest that absenteeism is driven by factors such as healthcare workers' lack of motivation, insufficient and delayed salaries, weak leadership, and low staffing creating work stress, as well as lack of quality housing.

Costs to users due to absenteeism

Absenteeism is costly for users as it makes essential health-related services less accessible. Furthermore, experience of absenteeism can deter citizens from attending clinics when they need help, particularly if they need to travel long distances, for fear that their efforts will be wasted.

In a context where private healthcare is the best option for users to secure timely and good quality treatment, many healthcare workers prefer to work shifts in private healthcare facilities and earn extra money rather than working their shifts in public facilities, where salaries are often very low, and subject to delays. This worsens the experience of patients at public facilities who, owing to the absence of staff, have to wait longer for services and often receive less attention from the healthcare workers.

In the household survey, 17% of the sample experienced a situation where they or a family member of theirs did not get treatment because a doctor or nurse in a public healthcare facility was absent. Of those that had been in this situation, 65% experienced it once or twice in the 6 months prior to the survey, and 27% several times, while 6% experienced it often.

As with other types of corruption in the healthcare sector, poor households are at greater risk of experiencing a situation where a healthcare worker is absent.

Costs of embezzlement

The study also looked at the forms of embezzlement of medicines and equipment by healthcare workers. The qualitative investigation showed that, after medicines are distributed to healthcare providers, they can be embezzled by local medical staff, who may re-sell them to patients or direct patients to buy them from local pharmacies.

This kind of corruption leads to shortages of free medicines for patients. While for the public budget the cost is equal to the value of lost medicines, users experience both financial and in-kind costs. Firstly, when drugs are diverted, patients incur additional out of pocket costs to buy medicines from private providers or from the black market. Secondly, the resulting shortage of medicines can lead to worse health outcomes, as patients may buy substandard or falsified medicines, or may not be able to afford to access medicines at all.

In-depth interviews suggested that such diversion of drugs can be attributed to inadequate systems for managing medicine stocks and distributing them, along with weak monitoring and the low wages of healthcare workers.

Costs of corruption in healthcare procurement

Corruption in healthcare procurement is similar to that in other sectors. It can be found in all of the phases of the procurement cycle from planning to implementation and can cost the government and citizens significant amounts of money, as well as leading to harms and welfare losses.

First, corruption in public procurement is likely to affect the public budget by inflating prices and providing poor value for money. Second, favoritism in the allocation of contracts typically leads to outcomes such as lower quality goods, works or services, delays in the provision of essential medicines, infrastructure and services, and the provision of the wrong types of goods, works or services, which do not meet actual needs.

Using the “red flag” methodology on the Ugandan public procurement data, the study estimate the cost of corruption in healthcare procurement at UGX. 3.5 billion in 2019. This is a low-bound estimate since the calculations were based only on contracts awarded under a relevant CPV division . Hence, the approach likely omitted procurement by healthcare facilities of goods and services that are not medical equipment, pharmaceuticals or personal care products.

Costs to public budget and users due to corruption in recruitment of healthcare workers

The qualitative research revealed various corruption types that are prevalent in the recruitment of healthcare workers, such as: bribery in hiring, forgery of documents, favoritism and nepotism in selection of candidates. Corruption in recruitment leads to losses for healthcare workers, users and the public budget. Both interns and experienced healthcare workers have to pay in order to obtain positions. Meanwhile patients experience worse-quality treatment from less-qualified staff, and the public budget loses wages paid to unqualified staff.

Firstly, bribery in hiring of healthcare workers undermines fair competition and grants access to positions to less qualified or even unqualified candidates. Our qualitative findings suggest that

unqualified staff are often appointed to roles in healthcare clinics. There were reports of providers who pose as qualified staff - "*quacks or fake health workers – impersonating, stealing supplies, claiming to be doctors…* [and]… *providing a fake Covid-19 vaccine*" both in the public and private sectors.

Secondly, the recruitment process is disrupted by favoritism and nepotism. In-depth interviews confirmed that healthcare sector officials and politicians, especially on the local government level, can influence selection of candidates, sometimes filling available positions with their friends and family members.

CONCLUSIONS AND POLICY RECOMMENDATIONS

The eradication of corruption in the healthcare sector of Uganda could bring substantial savings for the public budget and citizens. The potential savings amount to at least UGX. 672.7 billion per year. This is equal to 26% of the 2019 annual government spending on healthcare. Table 1 provides a detailed overview of all estimated corruption costs.

Potential annual savings of UGX. 672.7 can significantly improve public healthcare services and working conditions for healthcare workers. For instance, funds equivalent to the budget losses resulting from absenteeism in the healthcare sector (UGX. 495.1 billion) could almost double the size of the healthcare wage bill (2019/2020). Such an increase would allow an improvement in the working conditions of already recruited staff, and hiring more professionals in order to improve the ratio of health workers to population, which is currently very low. Furthermore, our low-bound estimate of corruption costs in healthcare procurement (UGX. 3.5 billion) could cover the purchase of 36 ventilation devices worth USD 25,000 each in order to help treat patients with COVID-19.

As the quantitative and qualitative analysis behind this report confirmed, corruption in healthcare disproportionately affects poor citizens who already have worse health outcomes. Hence, it exacerbates economic and social inequality in Uganda.

Table 1. Summary of costs arising due to corruption in the healthcare sector

Cost description	Group bearing the costs	Cost form	Costs Estimates, UGX, 2019
Costs to users due to giving bribes or gifts to healthcare providers	Users	Financial	140,800,000,000
Loss of treatment due to not affording the bribe	Users	Financial	33,349,313,354
Costs to the public budget due to absenteeism	Public budget	Financial	495,103,123,932
Costs to users due to absenteeism	Users	In-kind	part of the total cost of absenteeism in the healthcare sector
Costs to public budget due to embezzlement	Public budget	Financial	non-measurable due to lack of data
Costs to users due to embezzlement	Users	In-kind	non-measurable due to lack of data
Costs to public budget due to corruption in healthcare procurement	Public budget	Financial	3,464,233,119
Costs to public budget due to corruption in healthcare workers employment	Public budget	Financial	non-measurable due to lack of data
Costs to users due to corruption in healthcare workers employment	Users	In-kind	non-measurable due to lack of data

The quantitative and qualitative research suggest several policy interventions to eradicate corruption in the healthcare sector:

1. **Improve monitoring of corruption and oversight across the sector:**
   - Improve the resources available to auditors and the IG so that they can afford to travel to inspect the implementation of procurement contracts and are not reliant on local hospitality when they do so, which could create conditions conducive to improper influence.
   - Consider decentralizing oversight of healthcare providers, but with proper (district and local-level) checks and balances on their power.
   - Improve the collection and sharing of data from healthcare providers about the need for medicines, to reduce the scope for manipulating demand and supply in ways that create artificial stock outs.
2. **Improve integrity in public procurement through better tender design and more competition**:
   - Improve public procurement tenders for medicines, making them more open and competitive, and breaking up closed networks of collusive companies and officials.
   - Improve post-award monitoring of procurement contracts, involving local communities receiving the goods and services procured.
   - Improve corporate beneficial ownership transparency so that the owners of pharmacies and government suppliers are disclosed, to enhance identification of conflicts of interest.
3. **Empower users:** Educate citizens to know their rights about which medicines should be available to them free of charge, so that they can challenge healthcare providers who claim that no medicines are available.

4. **Improve working conditions of healthcare workers such as through providing better accommodation**:
   - Invest in improved accommodation for healthcare workers.
   - Direct additional investments in the healthcare sector to increase salaries of healthcare workers and hire additional staff for public healthcare facilities.
   - Simplify the process for recruiting staff, while at the same time improving verification of certificates and qualifications.
   - Re-think the policy around how healthcare workers are allocated to clinics or incentivized to take jobs in rural areas – a possible solution is bonding (commitment to work in underserved areas in exchange of training opportunities or career advancement as implemented in many countries).

Box 2. Methodology and limitations

The cost of corruption estimates are based on the analysis of government administrative data, including public procurement records, as well as desk review of the available literature and high value cases of corruption and quantitative analysis of existing data sources such as surveys. Overall, our estimates should be considered as a lower bound estimate of the true cost of corruption.

The analysis of public procurement spending was based on a dataset of 50,000 contracts obtained from the government's open data portal covering the years 2015-2020. With the "red flag" methodology, we identified corruption risks and costs of these risks.

Within a desk review, we collected, systematized and reviewed available government administrative data, as well as the existing literature. With that, we analyzed corruption in the healthcare sector using the data we collected through the household survey and in-depth interviews. A nationally representative household survey was targeted at users of healthcare services, while in-depth semi-structured interviews were conducted with experts, practitioners, and relevant public officials.
The study also included the raw data from the existing representative surveys such as East Africa Bribery Index, National Integrity Survey, etc.

This research has limitations which should be recognized when designing any policy interventions. Any corruption-related costs are likely to be spread over time and thus may be inadequately captured in a cross-sectional survey. However, the study sought to address these difficulties by using a range of methods to elicit different kinds of information from different types of stakeholders, seeking to provide an extensive mapping of the range of risks and costs, while recognizing that prevalence and magnitude can only be estimated. Overall, the proposed estimates represent a lower-down estimate of corruption costs in the healthcare sector in Uganda.

Supported by

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