

# Policy Frameworks and Municipal Effectiveness

*By David Fellows [\[1\]](#)*



## Introduction

Local governments, referred to here as ‘municipalities’, tend to be smaller scale, face less complex challenges, and have less diversity amongst stakeholders when compared to national governments. This relative simplicity should be regarded as their defining strength. It eases the path to identifying their core mission and prioritising service developments within resource constraints and national mandates.

A common problem with capitalising on this strength is that municipal strategic policy agendas are often asserted without sufficient regard to their consistent articulation, internal coherence or supporting administrative sub-structure. It is the author's contention that without these attributes municipal leadership will always lack clarity of direction; delivery competence; and full hearted community support. In addition, the media will have grounds for scepticism and its criticisms will probably intensify over time.

This piece outlines the elements of an effective municipal policy framework and the need for its periodic review and realignment.

## **The Policy Framework**

The fundamental elements and principles of the policy framework are outlined below:

1. Policy objectives should be set at a long-term level with more detailed expression at shorter timescales. This policy cascade must be consistent. The policy cascade must be achievable in a practical sense and there must be sound and clearly expressed reasons to expect the necessary resources (finance, skills and materials) to be available in the timescale envisaged by the policy objective.
2. Operational changes must be supported by realistic development plans and external expert support should be sought to help develop internal capacity where necessary.
3. There should be a medium term budget reflecting the

stated policy system over a minimum 3 year policy timescale. All budgets should contain both revenue and capital provision that should be consistent between the two, realistically achievable. Where policies are changed the budget must change accordingly.

4. No spending commitment must be made until budget provision has been allocated as a priority above all competing demands that would otherwise make funding untenable.
5. Service delivery arrangements and underpinning administrative processes must be set out clearly and there must be adequate training plans to achieve the intended outcomes.
6. The budgetary control must be exercised to ensure that expenditure and revenues are consistent with the budget and where this is not achievable then modifications to policy, practice and budget must be made appropriately. The overall responsibility for containing spending within budget must be imposed on departmental heads without the option of delegation to a lower level.
7. Benefits realisation strategies for new developments must be used to guide successful outcomes and risk management strategies used to anticipate and mitigate possible challenges.
8. Civil servants must have performance contracts for achieving service outputs and outcomes within budget.
9. There must be public engagement in the development process and transparency about its outcomes.
10. The logical chain of policy, delivery practice, supporting administrative processes, development plans and budgetary provision must be understood by politicians and administrators at all levels.

This type of policy framework could be said to be applicable to anywhere within to anywhere within the public service but in municipalities it is more tangible in terms of proximity

between the administration and the community as a whole, more easily comprehended as a working system that encompasses the entire municipality and more capable of being used by the political leadership as an envisioning and executive tool. This sentiment was echoed by Mr Armand Beouinde, Mayor of Ouagadougou, Burkina Faso at the [UN-Habitat Conference in Marrakesh](#) last November.

## **Review**

Periodic reviews of the policy framework offer an opportunity to improve coherence and effectiveness. They can also lead to a better understanding of municipal capacity and critical areas of weakness that must be addressed if ambitions are to be fully realised. It may be useful for such reviews to be undertaken independently and shared with the community for comment prior to finalisation.

## **Conclusion**

Municipalities are well placed to make crucial contributions to community well-being and development. Better governance based on coherent policy frameworks and sound development plans can help them deliver on their potential. In the author's view development partners can be too keen to rush developing countries into adopting practices that are unsustainable before the necessary organisational capacity has been achieved.

## **End note**

We should be pleased to discuss the ideas in this piece with those who believe that they may have relevance to their situation.

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## Developing Systems to Combat Corruption



Posted by David Fellows [\[1\]](#)

# Introducing the concept of “objective data”

In March 2018, we republished a short note on the use of [objective data](#) to combat corruption [2]. The piece highlighted statistical techniques being used in western countries to identify corruption by correlating unorthodox procurement practices with aberrant supplier behaviour established from factually based ‘objective’ administrative data. It was suggested that less complex approaches to the analysis of ‘objective’ data could be used to indicate the need for further forensic examination of officials, suppliers, and politicians. The emphasis was on finding workable approaches for developing countries that were compatible with the available resources.

The term ‘objective’ data refers to factual information derived from official government records. It represents data on transactions, activity schedules, and personal information, recorded through established processes, that give the information credibility. This contrasts with ‘subjective’ data which is often based on opinions or experience that is poorly evidenced and of limited application, as is the case with corruption perception surveys.

## Frequent use of objective data

Objective data is checked and compared in dozens of administrative processes which can produce anomalies that may indicate the presence of corruption. For example, invoices are checked against orders and goods received notes or contract certificates, or payroll submissions are checked against timesheets. In addition, national bodies charged with the oversight of public administration – such as supreme audit institutions and public procurement commissions – are

routinely engaged in the examination of objective data which can also lead to the identification of corruption.

Such findings are then included in published reports that may be used to identify process deficiencies or potentially to prosecute cases of fraud and corruption. These oversight functions can be particularly effective when they are invested with independence from government, extensive powers of enquiry, transparency of reporting, and due consideration of findings.

## **Developing objective administrative data systems**

Apart from routine scrutiny provided by administrative processes and oversight arrangements, programs of administrative reform provide excellent opportunities for the development of systems that incorporate the automatic validation and cross-referencing of administrative data to help identify patterns of corrupt activity.

Such arrangements are straightforward, well known, and remarkably simple to put into effect but in practice they are rarely complete or well executed. Too often there is a lack of expectation that good administration will have a beneficial effect. This places a premium on those who hold relevant managerial roles, requiring them to value high standards of administrative practice; exercise oversight responsibilities courageously, insightfully and in partnership with others as necessary; and ensure that reform opportunities are used to best effect. Well prepared and committed management is a prerequisite to any well-intentioned anti-corruption initiative.

## **Objective administrative data applications**

Some examples of objective administrative data and its use to combat corruption are included in an Appendix available [here](#).

The use of objective data could also be developed in other ways. For example:

1. Countries could prepare anti-corruption strategies that include the use and development of objective data and staff training. Such strategies should be accompanied by operational guidance. Anti-corruption strategies and related material are often referred to as being part of the standard anti-corruption armoury but are rarely made available. In practice, however, few of these documents have been produced to a reasonable standard anywhere in the developing world, and perhaps it is time to redress this omission.
2. Additionally, collaboration between states, perhaps on a regional basis, could be helpful in developing techniques for interrogating data, preparing anti-corruption strategies, sharing knowledge of corrupt practices, and building operational cooperation between countries
3. Consideration should also be given by multilateral agencies and regional representative bodies to the development of an international systems assessment schema (akin to PEFA methodology<sup>[31]</sup>) that would indicate the efficacy and shortcomings of individual administrative systems for the purposes of combatting corruption.

This article is written with government administration in mind, but similar considerations apply to local governments and state-owned enterprises.

<sup>[1]</sup> Director, PFMConnect. The author thanks John Leonardo for his helpful comments.

<sup>[2]</sup> This blog was first published at <http://blog-pfm.imf.org/pfmblog/2018/03/how-useful-are-perc>



[ption-indices-of-corruption-to-developing-countries.html](#)

[3]

See

[https://pefa.org/sites/default/files/PEFA%20Framework\\_English.pdf](https://pefa.org/sites/default/files/PEFA%20Framework_English.pdf)

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## Forthcoming blog: Developing Systems to Combat Corruption



In a March 2018 blog PFMConnect co-principal David Fellows discussed the [deficiencies surrounding corruption perception indices](#) and outlined how objective data analysis could offer a clearer insight into the systemic nature of corrupt behaviour, thus providing a more precise indication of the corrupt parts of an administration, the number of external parties that are engaged in corruption, and features of the [public financial management \(PFM\) system](#) that need to be strengthened in order to combat corruption.

In a forthcoming blog “**Developing Systems to Combat Corruption**”, David describes how an objective data system is used in practice and how the concept may be developed. Some

further examples of objective data and their use to combat corruption is available [here](#).

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# How Useful are Perception Indices of Corruption to Developing Countries?



Posted by David Fellows[\[1\]](#)

## The value and limitations of perception indices

There are numerous corruption perception indices. They provide an outsider's impression of the prevalence of corruption across the various branches of government. Some indices focus on issues of bribery, others are more general in scope. Some indices aim to engage with the general public, and others with businesses or NGOs. Perception indices can incentivise governments to tackle corruption given the reputational damage that they can inflict.

The shortcomings of perception indices, however, have been widely recognised, including in recent studies by UNDP and the IMF[21]. Their evidential base is limited; survey samples are generally small; within the same index a variety of methodologies may apply so they can lack internal consistency; methodologies change so trends can be questionable; standardisation is difficult to achieve between or even within countries and, as a result, the ranking of countries can vary from one perception index to another.

## **The relevance of objective data**

Those agencies and officials responsible for preparing these indices are aware of the deficiencies and make considerable efforts to mitigate them. Their key deficiencies are unassailable, however. Perception indices are based on impression, personal experience and hearsay rather than hard fact. In a multi-faceted study of villagers' perceptions of corruption affecting road building in Indonesia, Olken finds that perceptions are a good indicator of the presence but not the quantum of corruption. He concludes that "there is little alternative to continuing to collect more objective measures of corruption, difficult though that may be"[31]. These factors can allow governments to diminish the importance of the messages that perception surveys contain.

An alternative approach has been proposed in a recent paper by Fazekas[41]. The paper gives an account of recent research into public procurement in which legal, regulatory and administrative records have been analysed to reveal the presence of corruption. Relevant factors include: the characteristics of the tendering process; the political affiliations and personal connections of suppliers; and the location and transparency of information about the ownership of these supplier companies. Fazekas correlates these various data sets to reveal behaviour that indicates a skewing of contract awards toward suppliers with particular

characteristics.

Fazekas uses the term 'objective' to refer to factual data that are not mediated by stakeholders' perceptions, judgments, or self-reported experiences. Nevertheless, the data are based on provable characteristics (e.g., from suppliers and procurement agencies). This approach, however, can provide some significant challenges. Databases may not be available electronically, thus hampering data collection, and information is not collected on a systematic basis across countries. Despite these reservations, the approach can produce valuable evidence identifying areas of public administration that are especially prone to corruption, the role of officials in facilitating corruption, and the means by which corruption is being perpetrated.

## **Objective data analysis and developing countries**

European countries and the USA have been at the forefront of this kind of work, but it also has potential for guiding administrative scrutiny and reform in developing countries. The necessary analysis could be undertaken by internal auditors, anti-corruption agencies, or other oversight bodies. These agencies could use the results to improve system design, and commission detailed forensic investigations of those concerned.

Fazekas uses sophisticated statistical techniques, but simpler methods could also be employed to measure inappropriate administrative processes, potentially illicit flow of funds between parties with close personal ties, the unexplained accumulation of personal wealth, citizens' complaints, and other indicators of corruption. These results could then be used to identify potential levels and sources of corruption and, if acted on, lend credence to the government's anti-corruption commitments.

The approach outlined above is relevant to national and local

government, as well as public corporations where significant levels of corruption can occur at the highest levels. Such work could be enhanced through external moderation and research collaboration across national boundaries, perhaps at regional level. A recent piece by the present author, published [here](#), discusses the growing relevance of digital media to governance reform.

## **The importance of national leadership**

Objective data analysis can offer a clearer insight into the systemic nature of corrupt behaviour, thus providing a more precise indication of the corrupt parts of an administration, the number of external parties that are engaged in corruption, and features of the PFM system that need to be strengthened. It can provide data to support a vigilant administration that wishes to maintain pressure on corruption, complementing efforts to increase prosecutions or administrative reforms.

Whatever ideas are advanced, they will all require commitment from national leaders if they are to succeed.

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[\[2\]](#) UNDPs Guide to Measuring Corruption and Anti-Corruption (2015). See also IMF 2017, “The Role of the Fund in Governance Issues – Review of the Guidance Note, Preliminary Considerations”.

[\[3\]](#) Benjamin A Olken, “Corruption Perceptions vs Reality” – <https://economics.mit.edu/files/3931>

[\[4\]](#) Mihály Fazekas “A Comprehensive Review of Objective Corruption Proxies in Public Procurement” [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2891017](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2891017).

