

# 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[3]) 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.

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

[2] This blog was first published at <http://blog-pfm.imf.org/pfmblog/2018/03/how-useful-are-perception-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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## Videos addressing good public financial management

We have commenced the publishing of videos about aspects of our work associated with supporting good public financial management.

We list below the videos available to-date:

Small island developing states need improvements in their digital communication infrastructure to help them recover from COVID-19. We have set out four collaboration approaches for SIDS and their stakeholders to consider actioning in our [“Small Island Developing States, COVID-19 and Digital Technology”](#) video based on our recent blog. [Petit États insulaires en développement, COVID-19 et technologie numérique](#). [Pequeno Estados em Desenvolvimento insular, COVID-19 e Tecnologia Digital](#). [Pequeña Estados Insulares en Desarrollo, COVID-19 y Tecnología Digital](#).

[Improving PFM digital transparency in SIDS finance ministries](#) (<http://blog-pfmconnect.com/wp-content/uploads/Videos/Improving-PFM-digital-transparency-in-SIDS-finance-ministries.mp4>) examines recent trends in the use of public financial management (PFM) digital platforms by the finance ministries of small island developing states (SIDS) and potential opportunities. A shorter version of this video examines **SIDS finance ministries** use of [Facebook](#) to promote PFM digital transparency in small island developing states

[COVID-19, Brexit and the English Regions](#) (<http://blog-pfmconnect.com/wp-content/uploads/Videos/COVID-19-Brexit-and-the-English-Regions.mp4>) discusses the UK Government’s levelling-up policy for the English regions and the impacts of COVID-19 on the implementation of this policy.

[Virtual Schooling in the UK](#) (<http://blog-pfmconnect.com/wp-content/uploads/Videos/Virtual-Schooling-in-the-UK.mp4>) examines the development of **virtual schooling** in the **United Kingdom** to support home education resulting from the Covid-19 lockdown.

[Digital government in developing countries](#), based on our recent [blog](#), recommends developing countries should employ an evolutionary approach to digitally-enabled reform and outlines

a detailed implementation strategy for them to adopt in such projects. [Gobierno digital en países en desarrollo. Le gouvernement numérique dans les pays en développement. Governo digital nos países em desenvolvimento.](#)

[Local government revenue systems corruption](#) outlines the different parts of local government revenue systems and presents strategies for combatting associated corruption. [Corrupción de los sistemas de ingresos del gobierno local. Corrupção dos sistemas de receita do governo local. Corruption des systèmes de revenus des administrations locales.](#)

[Supporting good public financial management](#) provides images of some of the countries where we have supported the development of good public financial management (PFM). You can view all the countries and places where we have worked [here](#).

[Evaluating public private partnerships](#) highlights a number of questions to be addressed by public sector organisations when considering the merits of a public private partnership (PPP)

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**Public financial management weaknesses can lead to corruption**

***Mauritania's experience***

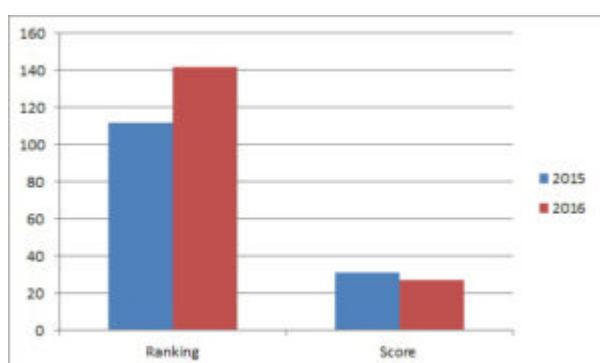


## Global corruption trends

Two recent reports on Global corruption trends highlight a number of states facing serious challenges and our analysis indicates some interesting links between corruption and standards of public financial management.

Transparency International's recently released 2016 Corruption Perceptions Index for 2016 indicates that Mauritania's ranking deteriorated noticeably in 2016 compared to the previous year. The full data set for all 176 countries is available [here](#) and the Mauritanian data is shown at Figure 1.

**Figure 1: Transparency International Corruption Perceptions Index Mauritania results 2015-2016**



The World Economic Forum's 2016 Global Competitiveness Survey, released on 15 September 2016, included the results of their annual Executive Opinion Survey which aims to measure critical concepts affecting the business environment such as the



incidence of corruption. This survey shows that Mauritania was ranked 124<sup>th</sup> out of the 138 countries for corruption. The World Economic Forum's 2016 Global Competitiveness Survey report is available [here](#).

We have developed a spreadsheet showing (i) the country rankings for the World Economic Forum's Executive Opinion Survey (not publicly available) and reported corruption impediment scores and (ii) a comparison of the Transparency International and World Economic Forum survey results that are available for 125 countries. [Contact us](#) if you would like to receive a copy of our spreadsheet.

We have found that there is a significant overall negative correlation between the scores in the two surveys (a Pearson coefficient of  $-.78$ ).

## **Mauritania's poor PFM and poor corruption performance**

Mauritania's corruption rankings in both surveys are relatively poor with scores falling in the bottom 20% of the two surveys. Many developing countries, including Mauritania, face significant challenges in addressing corruption. We have previously identified a wide range of actions that governments (as well as the private sector) could take to assist in reducing corruption levels that include improving a range of public financial management practices in our blog [International Development and the Challenge of Public Sector Corruption](#).

Last year we examined the Public Expenditure and Financial Accountability (PEFA) results of the twenty-four countries, including [Mauritania](#), that published PEFA assessments during 2013-2015. Nine of the twenty-four countries studied, including Mauritania, had PEFA results indicating relatively weak public financial management; Mauritania was ranked 19<sup>th</sup>

out of the twenty-four countries studied using a scoring system that the IMF has previously employed. Mauritania recorded relatively poor scores in a number of key PFM activities that are important in reducing corruption including payroll controls, internal audit, financial reporting and external audit; details are shown at Figure 2; this chart can be viewed in more detail [here](#).

**Figure 2: Mauritania PEFA indicators' relative performance**



Seventeen of the above-mentioned twenty-four countries feature in Transparency International's 2016 Corruption Perceptions Index. Sixteen countries (Ghana is the exception) recorded below –average scores in TI's 2015 and 2016 surveys; details of the 2015 and 2016 scores and the percentage change between these periods are presented in Table 1.

**Table 1: TI 2015-2016 scores for 2013-2015 PEFA assessment countries**

|                      | <b>PEFA score</b> | <b>TI 2016 score</b> | <b>TI 2015 score</b> | <b>% change in 2015-2016 scores</b> |
|----------------------|-------------------|----------------------|----------------------|-------------------------------------|
| Armenia              | 60                | 33                   | 35                   | -5.71%                              |
| Azerbaijan           | 61.5              | 30                   | 29                   | 3.45%                               |
| Belarus              | 49                | 40                   | 32                   | 25.00%                              |
| Bosnia & Herzegovina | 50                | 39                   | 38                   | 2.63%                               |

|                  |      |    |    |         |
|------------------|------|----|----|---------|
| Burkina Faso     | 58.5 | 42 | 38 | 10.53%  |
| Congo Republic   | 21   | 20 | 23 | -13.04% |
| Gambia           | 32   | 26 | 28 | -7.14%  |
| Ghana            | 27.5 | 43 | 47 | -8.51%  |
| Guinea-Bassau    | 14.5 | 16 | 17 | -5.88%  |
| Kyrgyz Republic  | 49.5 | 28 | 28 | 0.00%   |
| Macedonia        | 44.5 | 37 | 42 | -11.90% |
| Madagascar       | 25.5 | 26 | 28 | -7.14%  |
| Mauritania       | 26.5 | 27 | 31 | -12.90% |
| Mongolia         | 42   | 38 | 39 | -2.56%  |
| Nepal            | 50.5 | 29 | 27 | 7.41%   |
| Papua New Guinea | 21.5 | 28 | 25 | 12.00%  |
| Timor-Leste      | 36   | 35 | 28 | 25.00%  |

With ten of the seventeen countries in Table 1 recording either no change or a deterioration in their scores in 2016 (including Mauritania), the negative Pearson correlation between overall 2013-2015 PEFA scores and TI corruption scores for these countries strengthened from -0.41 in 2015 to -0.56 in 2016 pointing to the possible impact that poor PFM may have in facilitating corruption in the public (and private) sectors.

The World Bank noted in November 2016 that “Mauritania’s PFM system remains weak”. If countries, such as Mauritania, employ robust anti-corruption strategies, including actions to address key PFM weaknesses currently influencing corruption levels, they may in time be able to make some progress in curbing corruption.

***Need to resolve a public financial management problem? [Inquire now](#) to schedule an initial online meeting.***

