



Perceptions of per diems in the health sector: Evidence and implications

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by

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Abstract

This study details the perceived benefits, problems, and risks of abuse of per diems and allowances in developing countries. Drawing on 41 interviews with government and non-governmental officials in Malawi and Uganda the report highlights how practices to maximize per diems have become a defining characteristic of many public institutions and influence how employees carry out their work. Per diems have many negative effects, increasing costs and inefficiencies and creating opportunities for abuse. Any attempt to reform such practices must start with a clear understanding of the incentives for abuse and adopt multifaceted strategies. Introducing tighter financial controls and enhancing transparency in policy implementation may help to reduce abuses, but is unlikely to be sufficient. As per diems have become de facto top ups of salaries, more fundamental reform of health worker incentives and payment is also needed.

We find that respondents voiced many discontents about per diems, stating that they create conflict among staff and contribute to a negative organizational culture where people expect to be paid for all activities. Work practices are manipulated by slowing work, scheduling unnecessary trainings, or exaggerating time needed in order to maximize per diem revenue. Other abuses involve embezzlement and workshop-related fraud. Abuses were more common in the government sector due to low pay and weaker controls, and per diems were perceived to unfairly provide advantages to already better-off staff.

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Executive Summary

Introduction

Per diems are recognized as an important factor in motivating health workers, yet they can also distort incentives and may be abused, creating inefficiencies in health systems. To date, little is known about the risks and problems with per diem policies in developing countries. This study was designed to explore the nature and scope of the per diem problem in the health sector in two countries, Malawi and Uganda, creating a knowledge base to support policy change.

Methods

The research team conducted 41 semi-structured interviews with key informants in the two countries. Informants were high-, mid- and low-level government officers and NGO officials. Interviews explored attitudes about per diems, benefits and problems for organizations and individuals, and risks and patterns of abuse. Interviews were transcribed and analyzed thematically.

Findings

Benefits of per diems include getting work done, encouraging training, and increasing staff motivation. Per diems also provide additional salary for paying household expenses and allow families to save or pay back loans. Despite these advantages, respondents voiced many discontents about per diems. Respondents thought per diems create conflict among staff, contribute to a negative organizational culture where people expect to be paid for all activities, and lead to changes in how work time is allocated. Work practices are manipulated in order to maximize financial gain; for example, by slowing work, scheduling unnecessary trainings, or exaggerating time needed for tasks. Some employees even steal per diems meant for others or engage in workshop-related fraud to gain income from per diems. Abuse seemed more common in the government sector due to low pay and weaker controls. A striking finding was the distrust that lower-level workers felt toward their superiors in both countries: particularly in the government sector, allowances were perceived to provide unfair financial advantages to already better-off and well-connected staff.

Discussion

Per diems have perceived benefits to organizations and individuals, motivating staff and providing salary support to individuals and families. Yet they also have created discontent and opportunities for abuse. While low salaries and weak controls are key risk factors, donors also share some blame for offering enticing rates without adequate controls or coordination. Donors can play a role in reform by supporting development of policy analysis tools, design of control mechanisms, and evaluation of reform strategies. To curb abuse of per diems, initiatives must reduce pressures and incentives to abuse, while controlling discretion and increasing transparency in policy implementation.

1. Introduction

Per diems and other payments made to compensate staff for work-related travel or participation in staff development activities are recognized as an important factor in motivating health workers (Henderson and Tulloch 2008; McCoy, Bennett et al. 2008). Yet, reviewers have noted the potential for per diems to distort incentive structures for public servants or encourage corruption or patronage (Chêne 2009). In an editorial, Riddle (2010) suggested that the impact of per diems was like an “acute illness” affecting local staff in developing countries and resulting in demands for payment for participation in research, training, or health interventions. Despite these concerns, little has been done to document risks and problems with per diem policies in developing countries, and the overall impact of per diems on health worker performance is not well understood.

The Boston University Center for Global Health and Development (CGHD) designed this study in order to explore the nature and scope of the per diem problem in the health sector. Through interviews with 41 key informants in Malawi and Uganda, the research team documented attitudes about per diem policies in the health sector, the impact of policies on organizations and workers, and factors associated with abuse. This report discusses the study methodology, findings, and policy implications.

2. Background and study rationale

Developing countries spend a lot on per diems and other allowances. Tanzania spent USD 390 million on allowances in 2009, equivalent to 59% of annual spending on salaries and wages or the annual salary of 109,000 teachers (Policy Forum 2009), while a study conducted in two districts in Burkina Faso, cited by Ridde (2010), found that per diem income exceeded health worker salaries. Policymakers have justified spending on per diems because of the important benefits, including reimbursement of work-related expenditures, encouraging professional development activities, and motivating employees to work in remote areas or under difficult conditions. But increasingly, per diems are a strategy for salary subsidy as health care workers react pragmatically to the financial difficulties caused by extremely low salaries or pay checks which are months behind (Roenen, Ferrinho et al. 1997; Chêne 2009).

While using per diems as a financial coping strategy may be functional in the sense that it motivates workers to continue in their jobs, per diem policies may also reduce effectiveness, waste resources, and provide opportunities for abuse. Examining aid effectiveness in a Tanzanian natural resource program, Jansen (2009) estimated that 50-70% of the USD 60 million donor-funded project was spent on workshops, per diems and travel expenses. In an editorial appearing in the journal *Tropical Medicine and International Health*, Valéry Ridde stated that a “deliberate process is needed to find an equitable treatment for this long-neglected disease” of per diemitis (Ridde 2010).

Daniel Jordan Smith found that Nigerian health workers tried to influence program work plans in order to maximize per diem revenue (Smith 2003). More recently, Vian collected data on perceptions among a small sample of U.S. researchers working on public health studies in developing countries. She found that informants were troubled by the ways in which per diem policies are affecting work practices, including delays caused by people attending training programs which do not relate to work targets or goals, and falsification of records in order to gain more per diem (Vian 2009).

This study was designed to fill in gaps in our knowledge about the problems caused by per diem policy implementation in specific settings. First, we noted that while Western public health professionals have raised concerns, there is little evidence that people in developing countries also perceive negative effects of per diems. It is also unclear how people at different levels of the health system are affected or implicated. This paper thus documents perceptions of a range of health workers, including government and NGO staff, and staff who worked in a range of positions from low-level workers to senior staff. With a better understanding of the perceptions of people from inside the system—who gains, who loses, who abuses, and why—we can better understand the rationalizations behind current practices, and begin to identify the drivers and possible levers for reform.

3. Study design

The study is designed using a qualitative approach, gathering data through in-depth, semi-structured interviews with key informants. Local researchers conducted the interviews, exploring attitudes and perceived impacts of per diems and other allowances. Participants in the study shared their opinions based on their own work experiences and what they had seen or heard about in current or former positions.

In conducting interviews, the study team and interview participants often used the more general term “allowances” as well as “per diems”. In the remainder of the report, we use these terms interchangeably.

The study is designed to answer the following questions:

1. What are the advantages and disadvantages of per diems, from the perspective of people living and working in the public and NGO sector in developing countries?
2. What are the specific ways in which people manipulate or abuse policies related to per diems and allowances?
3. What kinds of solutions might improve the effectiveness of policies and limit opportunities for abuse?

Data collection took place from October 2010 through January 2011. See Annex A for additional detail on methods.

4. Results

The results of the study are presented in five main sections. First, we present information about the informants in the study. The second section describes the types of per diems and allowances, and respondents' concerns about equity. In the third section we discuss advantages and disadvantages of per diems, while the fourth section deals with abuses. We conclude the chapter with a summary of recommendations proposed by informants to curb abuses.

4.1 Informants

Key informants fell into four groups, including high- mid- and low-level government employees, and representatives of non-governmental organizations (NGOs) as shown in Table 1. In Malawi, government informants came from the Ministry of Health in Lilongwe, Mchinji and Blantyre districts, a nursing college, and health facilities. Three international and two local NGOs were included in the study. In Uganda, Government informants came from the Ministry of Health, Ministry of Local Government, the Uganda AIDS Commission, the AIDS Control Programme, the Public Service Commission, and district level government. NGOs included a multilateral agency, a global consortium, and other local NGOs.

Table 1: Levels and Types of Informants

Level of Informant	Types of positions	Total informants
High	Commissioner, Chairman, Service Director, Professional Officer, District Health/Medical Officer. Travel internationally for work.	9
Middle	Senior Research Officer, Health Center or Hospital Nurse, Nurse Lecturer, Senior Medical or Clerical Officer, Project Officer	11
Low	Driver, Health Surveillance Assistant, Personal Secretary	11
NGO	Project Officer, Project Coordinator, Monitoring & Evaluation Officer, Researcher, Driver	10

4.2 Types and purpose of allowances

Although our main interest was per diems, participants described many types of allowances, some of which were tied to position, such as housing or hardship allowance, or type of work, such as an honorarium. The range of allowances mentioned is described in Table 2. In this analysis, we are mainly interested in exploring perceptions about allowances for time spent away from post, calculated on a per day basis.

Table 2: Types and Purpose of Allowances

Name	Description/Purpose	Country
Per diem, night, or subsistence allowance	Amount paid for travel outside one's duty station which involves an overnight stay. Hotel may be pre-paid. Training may include per diem payments for staff within duty station.	Malawi, Uganda
Lunch Allowance	Paid for work during lunch time, whether within or outside duty station. Usually approved in advance.	Malawi, Uganda
Safari Day Allowance (SDA)	When an officer travels on duty for a period of 6 hours or more and returns to duty station the same day	Uganda
Honoraria	Paid to a civil servant assigned work of great importance to government and involving added responsibilities.	Uganda
Locum or overtime	Paid to compensate clinical staff who work extra hours, often to cover for shortages of staff.	Malawi (locum), Uganda (overtime)
Transport Allowance	Money paid to officers to cover expense of going from home to office. In addition, people may claim for actual expenses incurred (e.g. fuel, bus) for work-related travel	Uganda
Training or facilitation	Training allowances include professional fee for presenting paper, part-time lecturer; books.	Malawi, Uganda
Other allowances	Hardship; housing; relocation/baggage; air time; responding to outbreaks; medical; security; funeral	Malawi, Uganda

The most commonly discussed allowances were per diem, night or subsistence allowance, and lunch or "Safari Day" allowance. Government and NGO employees in Malawi and Uganda are entitled to per diem if they are called to work outside their duty station. Per diems are smaller if one does not spend the night or if employer pre-pays accommodation. Terms reflect subtle differences in meaning: for example, in Uganda "lunch allowance" is paid for working through lunch (whether in the office or outside of one's duty station), while a Safari Day Allowance (SDA) is paid for travel of six hours or less outside of duty station and includes lunch. Informants may not always have used the technically correct term.

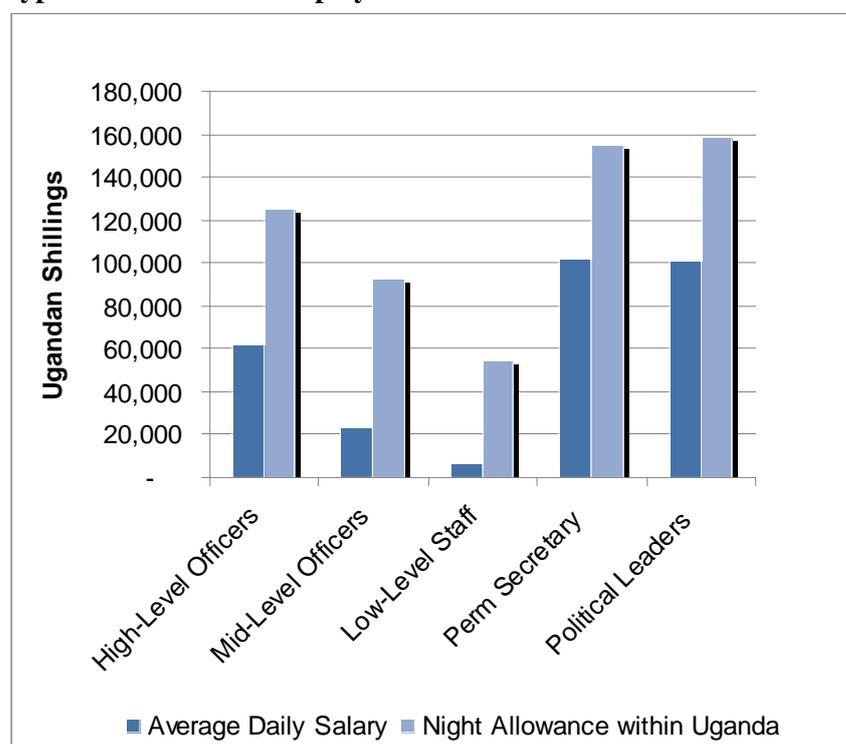
Almost everyone interviewed seemed to know the per diem rates for overnight travel, but in Uganda some participants described varying figures for SDA rates. We were able to compare rates cited by participants to the figures stipulated in the official government allowance circular, and we noted discrepancies. The circular was revised in 2008 and many allowances were increased; however, no participants reported receiving the new rates. The discrepancies could be due to the fact that some types of allowances are infrequent, or because accounts officers are not applying the new rates.

4.3 Perceptions of equity and fairness

Per diem rates varied by level of staff, with higher-level staff receiving higher rates. Rates also varied by location and by sponsor. One exception is that lunch allowance did not vary by cadre or location in Uganda.

We were able to obtain data which allowed us to compare the per diem rates to daily government salary rates in Uganda, as shown in Figure 1. The data highlight the fact that per diems are much higher than daily wage rates, and can represent a significant source of income.¹ For example, low-level workers such as drivers or nursing assistants are eligible to receive a nightly per diem of 55,000 UGX, or close to 9 times the average daily wage of 6,261 UGX. For medical officers the difference was less but still important: high-level workers can earn per diem of 125,000 UGX, about 2 times their average daily wage of 61,847 UGX.

Figure 1: Average Daily Salary versus Per Diem (Night Allowance) within Uganda, by Type of Government Employee



Note: Salary data from FY2010/2011, most recent revised per diem rates as released in 2008 government circular. High-level officers include Principal and Senior Medical Officers; Mid-level officers include Nurses, Laboratory Technicians, and Teachers; Low-level staff include Nurse Assistants and Drivers

A number of government informants at all levels felt that rates which varied by cadre of staff were fair, as shown in these quotes:

¹ Exchange rates at the time of study were approximately 2,000 Uganda Shillings (UGX) and 153 Malawi Kwacha (MWK) per \$1.00 USD.

I think it is a fair system that whoever is senior is supposed to get more, just like salaries. If you are senior, you get more salary than one who is junior. (high-level officer, Malawi)

It would be undermining if we got the same allowance as the boss...You cannot sit or sleep in the same chair or bed with your boss. (low-level officer, Uganda)

A few informants felt that differences in rates were not fair. These respondents generally mentioned the fact that per diems are meant to pay for travel-related expenses which did not differ much by cadre of personnel.

Since allowances are meant to make you comfortable, why should it be different for a driver or a Chief Executive officer? You are all traveling in the same car and going to the same area. (mid-level officer, Uganda)

Yes, they are unfair. We are the people who work more, yet the people in the upper cadre get more allowances. (mid-level officer, Malawi)

Most of the NGO informants reported that they received the same rates irrespective of staff level.

4.4 Advantages

Respondents noted important advantages of per diems and allowances to both organizations and employees (Table 3).

Table 3: Organizational and Personal Advantages

Organizational benefits
<ul style="list-style-type: none"> • Facilitates getting work done by paying necessary travel expenses • Encourages training, thus increasing knowledge base of the organization • Reduces absenteeism • Increases staff motivation and productivity
Personal benefits
<ul style="list-style-type: none"> • Provides additional salary for paying household expenses • Contributes to poverty reduction • Allows families to save for bigger items and pay back loans

Organizational Advantages

Respondents thought that when per diems are used as intended, they are beneficial to organizations because work is completed. Traveling for work is costly and the organization must pay those expenses. According to a Ugandan respondent:

What I can say is that we depend on the allowances to do our work. We cannot do without the allowances, because there will be no transport for us to get to the field.

In addition to making it possible for work to be completed, per diems benefit organizations because they permit employees to attend trainings where they acquire knowledge that is brought back to the organization. Allowances can also reduce absenteeism because they are an incentive to participate in fieldwork and training.

There were differences, however, in respondents' perceptions of how much organizations benefit. These differences were at least partially based on the level of the respondent. One higher-level Malawian official thought that organizations do not benefit because staff abuse per diems. Mid- and low-level staff were more likely to think that organizations benefit because work gets done that would not be completed without per diems. A mid-level Malawian respondent thought that organizations actually benefit at the *expense* of lower level staff because the value of per diems paid is less than the costs of work, so employees subsidize the true cost. Likewise, a Ugandan respondent described how a reputable organization will pay per diems versus a non-reputable organization which expects work but will not pay. This was seen as taking advantage of employees.

In addition, a mid-level Malawian respondent reported that the upper-level staff who receive bigger per diems benefit the most, rather than organizations:

For example, the upper cadres get more allowances. They arrange for training workshops, call people from the headquarters to hold a workshop to train us at the DHO, and they also attend and get more allowances than us. They just use us to get allowances.

Still, the majority of respondents reported that per diems and allowances do positively affect worker motivation, improving efficiency and making people work harder. Employees such as this mid-level Ugandan officer appreciate and respond positively to allowances:

Allowances do motivate workers. I put more effort in my work because an allowance shows that my work is recognized. With a motivated workforce, then an organization achieves its goals.

In contrast, one respondent described how he would not perform adequately or use the training content if he was not paid per diem.

We can be called for a workshop and if I find that there are no allowances, I lose concentration and just say that I know most of the things. When I come back here and find a case related to the training, I will say that I cannot treat that patient because I did not learn anything from that training. But if I get an allowance, I will be very grateful to help patients and as a result we can promote the health services. So allowances really motivate people to work hard.

In general, many respondents thought that the quality of work would suffer if there were no per diems. Per diems are especially motivating for people who are asked to attend coordination or briefing meetings which require travel over long distances, as explained in this quote:

The salaries in government cannot sustain people, especially when we think of these low cadres, they barely have enough money to come to work every day and it is these allowances that push them. I take the example of this place, there are health centers which are as far as Chavala, which is very far, and you can imagine if there is a meeting here, maybe just to brief each other about malaria. They know that if they cannot attend they are not going to be penalized. They know that even if they come they will not get anything;

it will benefit the community but they will have to travel a very long distance...and they will come here and have no lunch, not even a thing. So to them, it is like they are on the losing side and they wouldn't even dare to come.

Personal benefits

Most respondents agreed that there were personal benefits because allowances allow employees to receive a salary top-up, which could be used to pay loans, take better care of family, meet monthly expenses or save for larger expenses.

Using per diems to increase or “top up” salaries was seen as very important. A low-level Malawian respondent reported using allowances this way:

For a person like me, of a lower rank, we benefit because our salaries are very little and we use the allowances to top up on the little salaries we get. We sometimes save some of the allowances.

The amounts can be substantial, with some staff earning even more than their basic salary. For example, a Ugandan government driver earns 147,298 UGS (\$74) per month, but if he is to travel to the field for at least 10 days in a month, he would earn 550,000 UGS (\$275) per month from per diem. It is therefore not surprising that staff would want to go to the field at every opportunity.

The increased revenue was also important for higher-level officials who are poorly paid, yet are given responsibility for very large budgets. A high-level Ugandan respondent described this issue:

These allowances boost the basic pay. Government officers earn very little money which cannot sustain them and their families. I used to earn 1.6 million which has been increased to 4 or 5 million recently. My Permanent Secretary earns less than 2 million after tax deductions yet he handles budgets of over 50 billion. Permanent Secretaries do a lot of work but they earn only 1.8 million, yet ministers are bothering them with work for their respective constituencies. Pay reform has failed the government of Uganda.

Respondents told stories which showed how allowances can help reduce poverty. For example, a mid-level Malawian respondent described how allowances helped pay for school fees and basic necessities:

It helps to cater for some other things at home; they even help with things like paying school fees for children because the government salaries are very low. We do a lot of things with the money and it keeps us going mostly when it's mid month.

Likewise, a Ugandan respondent described how per diems were used for a variety of larger purchases.

Other officers use this money to pay for tuition for their dependants at higher institutions of learning. You have to save because our pay is terrible. Allowances act as safety nets in case one has borrowed money. You can pay for daily utilities at home, give your children pocket money when they are going to school. You live comfortably at home if basic utilities are in place for example water, electricity, food ... I save some money to look after my family. When you save, you can have a happy family.

Respondents described how receiving a per diem, rather than prepaid accommodations, was a personal benefit because it gives employees the freedom to decide how to use the money. Some respondents argued that employees are better able to choose a safe place to stay if they receive cash, as it is logistically difficult for organizations to make accommodation arrangements in some locations. On the other hand, a Ugandan NGO respondent reported that employees may stay in insecure locations to save money:

All staff members [at my organization] get the same allowances which I have no problem with, although what perturbs me is seeing lower level staff going in for non befitting accommodation. They do opt for motels of 8,000 UGS (\$4) which are very insecure. There have been occasions where laptops and valuable property has been stolen because such officers opt for such insecure places.

Mid-level officers from public and NGO sectors who travel to the field most frequently claimed to earn more from per diems than salary. Quite a number described their economic achievements. For example, one Ugandan respondent claimed that he did not use his salary for 2 years because of the allowances he received. Within this time, he was able to build a house. Another high-level respondent was able to save 10 million UGS (\$5,000) over a year, 1.6 times his regular salary.

4.5 Disadvantages

We asked informants about disadvantages and negative consequences of per diems (Table 4). These included criticisms of rates and payment modalities, as well as perceived negative effects such as the ways in which per diems create conflict, threaten sustainability, change the organizational culture, lead to neglect of work, and create opportunities for abuse.

Table 4: Disadvantages of Allowances

Criticisms of rates and payment modalities
<ul style="list-style-type: none"> • Rates are too low, allowances not paid or not paid in timely manner • Unfair differences in rates, unequal opportunities to earn allowances • Inflexible policies do not allow adequate choice (e.g. prepaid accommodation)
Negative results or impact of per diems
<ul style="list-style-type: none"> • Creates conflict among staff. Those slighted may try to retaliate by not working as hard. • Costly to the organization and not sustainable (the travel which is fueled by desire for per diems has other associated costs also, including fuel, car maintenance, and airtime) • Creates a negative organizational culture where people expect to get paid for every activity • Leads to changes in allocation of time and neglect of management tasks or services not linked to allowances • Fosters manipulation of work practices (slowing work, over-scheduling trainings, creating temporary employment for friends or relatives to gain per diems, other fraud) • May exacerbate social problems (drinking, frequenting of prostitutes)

Low rates

Many participants criticized per diems because they do not cover the cost of expenses incurred or allow an officer to save money for family. For example:

To get a decent room, if you are lucky you spend 20,000 UGS (\$10). Then you have to eat, you have to spend on toiletries and other things. Altogether you could spend 35,000 UGS a day, yet you have to save for the people at home. (high-level Ugandan officer)

Because the per diem is small, there are some drivers who sleep in the vehicles such that they would save a little to bring back home. (low-level Ugandan government worker)

Low-level participants in both countries complained of delays in payment, stating that it was hard to work when allowances were not given on time.

Unfair or Inflexible

As mentioned earlier, a few participants mentioned that it seemed unfair for government policy to provide for higher amounts of per diem for higher-level cadres (generally NGO allowance rates showed less variation by cadre). Differential rates were seen to disadvantage people who are already earning very low salaries, and possibly to put organizational assets, like vehicles, at risk as drivers stayed in shabby places to save money. Other informants were concerned about flexibility. They did not like pre-payment of hotels or meals because it limited choice. Pre-payment also limits ability to save money from per diem, which may be more important than lack of choice.

Creates conflict

Several people observed that per diems create conflicts between people who are receiving allowances versus other team members. A Ugandan participant observed that “going to the field is not balanced: program staff are more likely to go to the field, unlike those in administration and operations. This is de-motivating for staff who never get these allowances.” People who feel left out may complain that favoritism influenced assignment of staff. This was seen as harmful to team work, especially if the complaints are ignored.

There are always quarrels...If I do not have a relative above, it means I will most of the time be left out. (low-level Malawian worker)

Officers who are highly connected do hijack activities that have a lot of allowances attached to them; this has resulted in internal conflicts that interfere with team work. (mid-level Ugandan officer)

People do complain, but we are not listened to because we are very junior. (low-level Malawian worker)

Staff without opportunities to attend workshops may retaliate through malingering or absenteeism, as illustrated in the following quotes.

The others who are being left out start to leave all the work to be done by the one who is attending the workshops, because they feel that they are not being recognized. (mid-level Malawian officer)

When they see that they are being left out, they just relax and don't do their work as they would do it if they were being treated equally as the others. (mid-level Malawian official)

Not sustainable

Research participants felt that organizations were becoming too dependent on per diems. The per diems “become costly and affect the sustainability of an organization,” stated one Ugandan NGO representative. Similar types of comments arose in the Malawian interviews. The desire to gain per diem spurs unnecessary travel with associated expenses such as fuel, car maintenance, and airtime. A Malawian government official reported that staff were reluctant to engage in even “very simple activities that could be done without any money going into it.” During the planning process, staff would ask to reorganize the activity “properly” so that they could increase the portion of the budget allocated to per diems.

Stimulates changes in mindset and culture

According to some participants, per diems have become engrained in the culture resulting in a change in mentality. People have become so attached to them that it has system-wide effects on planning, budgeting and time allocation. It is seen as an incentive and source of revenue, rather than as a transaction for reimbursement of work-related expenses. For example, a high-level health officer in Malawi admitted that

much as I have benefited from attending trainings and getting allowances, I think it is not a very good culture...we have created a culture where people expect to get something, from a workshop and the like...a situation whereby to give people knowledge, or for them to attend a meeting, we have to give them something. And that is not very healthy.

Another Malawian government officer concurred, stating that the “mindset of staff that ‘when I do this, I am going to get some money’ is compromising performance.” In Uganda, an NGO manager pointed out a major disadvantage of a system where people are so “tuned in” to per diems: “they will not work if there are no allowances.” Another mid-level Malawian respondent described how people might show up for a workshop, but once it was clear that per diems would not be paid, they would disappear.

If there is a workshop whereby people will receive no allowances, most people would not attend that workshop. Mostly during workshops they tell you logistics on the first day and if they just tell you that there is no allowance people would just attend the first session and then when they have a break they will disappear.

A mid-level Uganda respondent described how allowances change the work environment and can lead to a corrupt system.

Allowances do corrupt people. Some officers do refuse to work without allowances. For example Local Council councilors can refuse to pass the budget if they are not given their allowances. Other officers do jump from one workshop to another without achieving any of the objectives of those workshops.

Leads to neglect of certain kinds of work

Participants in both countries described how per diems influence allocation of time. Staff will work more on activities which have per diems associated with them, avoiding tasks that have no per diems. This tends to favor work in the field over normal service delivery tasks in facilities or office-based work such as planning, report writing, and management functions. The result is that services are interrupted and management is not effective.

Because of the money, people rush to [activities with per diems] and it takes them away from their duties. That is a disadvantage to employers because service delivery doesn't become continuous. (high-level Malawian officer)

Work that involves writing, concentrating on issues, analyzing issues at the desk--things that will not attract an allowance--sometimes suffers because people want to go to the field because they know that there, they will get something. (Malawian NGO officer)

Officers are more interested in activities that have allowances tagged to them...Many times [they] exclude themselves from office work because they want to be in the field to get allowances. This delays reporting. (low-level Ugandan officer)

Changes work practices and affects personal life

In addition to neglecting certain types of work in order to get per diems, participants also expressed concern about abuse of position for private gain. These issues are discussed more in the next section. A few informants thought large per diem payments made in advance might exacerbate social problems for certain individuals, as they could spend the funds on binge drinking or prostitutes.

4.6 Abuses

Both government and NGO informants remarked on abuses (Table 5), often describing abuse at levels higher than themselves. Abuse seemed more common in the government sector. Some informants suggested this was because pressures on government workers were greater, due to low pay, and controls were weaker. One Ugandan mid-level official explained, "with per diem from development partners, a receipt is expected for accountability. But for the government this is not the case." Funds being abused in NGOs are largely from donors, but for the public sector it is a mix. Budget support from donors is pooled into one basket, so both donor and government funds are vulnerable to abuse. In Uganda about 33% of the budget is funded through donor budget support (Government of Uganda 2009).

Exaggerating or skimming days

People described strategies to maximize the number of days of per diem allowance received. In a common strategy applied during planning, upper-level staff might exaggerate the number of days required to complete an activity. An NGO staff member in Malawi explained:

Staff can overstate the amount of days that will be required to do a task. They take advantage that they are the ones that are planning, and usually can overstate workload and number of days, when in fact the workload cannot take that much [time].

Table 5: Examples of abuses

Type of Abuse	How it works	Illustrative Quotes
Delaying duties	Work slowly or weekends in order to increase overtime, lunch allowance, or per diem	<p><i>There are times when people do not do their duties in time, so that they should look like they have worked over time or during lunch...Some other people [who] will decide to come on the weekend because they want to get allowances, yet they are not supposed to. (high-level officer, Malawi)</i></p> <p><i>If I am serious, that work can take me maybe two days; but I may dilly-dally that activity to take five days...one can delay deliberately just to increase the days...(high-level officer, Malawi)</i></p>
Double-dipping	Getting allowances from two sources at same time	<p><i>Officers are always in Kampala attending more than one workshop a day, to just sign and be able to get that money...Many do get these same allowances at their district (their duty station). Therefore, they do get double allowances (mid-level officer, Uganda)</i></p>
Exaggerating days	Over-estimating the time it will take to complete job, so as to make more on per diem.	<p><i>There is a tendency for staff to plan for as many nights and field days as possible...officers plan for field visits from Monday to Friday. Then you wonder when they sit at their desks. (NGO officer, Uganda)</i></p> <p><i>Other staff members do plan for more days to carry out activities...especially now that we are going into Christmas season. People have to make some money for that period. (NGO officer, Uganda)</i></p>
Skimming days	Doing work in less time than budgeted, or not completing work, but keeping the full per diem.	<p><i>Sometimes they go to the field and come back earlier than planned and don't report for work, so as to make it look like they are still in the field and still claim all the days that were put on paper (NGO officer, Malawi)</i></p> <p><i>Some officers lie that they have travelled, when they haven't. Some officers request for allowances for 7 days, but in actual sense work for 2 days. (high-level officer, Uganda)</i></p>
Shorting the driver	Pocketing per diems meant for other staff	<p><i>Officers in higher positions cut the amounts of allowances we are meant to get. (low-level officer, Uganda)</i></p>
Workshop fraud	Falsifying participant lists, keeping per diems not disbursed	<p><i>Ghost participants are included on attendance lists... Instead of having workshops on different days, they merge them into one such that they save allowances for themselves (NGO, Uganda)</i></p>

An extreme form of exaggerating days is to invent work. Participants described how people will go on unscheduled trips or trips that were not assigned to them.

People who are in certain positions [are] creating trips unnecessarily...especially administrators. You find that most of them, every week they are on the road...[yet] there is no workshop, and no meetings [planned]. But they say, 'oh no, I want to check on these things'.

An NGO official in Malawi noted that people might drag out work or split up tasks to maximize per diem; for example, visiting the same place four separate times when they could have done all the activities in one trip. A related strategy is to work fewer days than the work was budgeted for, but still claim the full amount of the per diem allowance (skimming or shorting days). Participants often described the skimming as deliberate, as shown in these quotes:

One can speed up a workshop which is meant to be five days and do it in three days so that you can make a savings. There is sometimes no mechanism to find out.

Officers (our bosses) draw budgets for activities but we never go to the field. They use the money for themselves...Others call district officials to forge receipts, in order to show that activities were carried out even when they were not.

One participant noted that it is difficult to estimate time needed for field work or how funerals or other unexpected events may affect travel and work plans. The participant felt in such cases the employee was justified in keeping the extra per diem because there are no expectations that people would return allowance money, or procedures for refunds.

Another way of skimming days is by taking per diem which was intended for others, usually low-level staff such as drivers. This practice was only described in Uganda. According to participants, bosses sometimes do not give drivers their per diems. If the drivers complain, the bosses claim budget problems. One Ugandan driver reported:

We are cheated by our bosses when we go to the field. They give us less than expected. If they plan for 2 weeks, they give us allowances for only a week. It is these bosses that draft the payment sheet where we sign. You only put your names and signature on this payment sheet but are never allowed to record the number of days you have worked. If you ever complain about the remaining [unpaid] allowances, you are told that the money has not been disbursed.

Workshop jumping and attendance fraud

Workshop jumping is the practice of attending workshops just to gain per diems—sometimes multiple workshops in one day. A mid-level Malawian informant described staff calling in sick so that they can attend a workshop: “if there is a workshop that is paying K2,500 per day, people would rather give an excuse like ‘I am off duty today’ or ‘I am sick’ so they can go.”

Another informant, a nurse, described how 60 people tried to register for a malaria workshop in Malawi which was intended for 35 participants. She reported getting a ‘tip’ about the workshop from a co-worker when she was home sick; however, by the time she arrived the workshop was full. She noted that some participants were orthopedic staff. People attend workshops for money:

We have seen sometimes when we go to workshops, people they just come and sit in for a few minutes and then sign for the whole allowance... We see the senior people going to different workshops in a day; they just sit in for a short while, sign for the money, and go to another meeting to do the same thing.

Sometimes a workshop is supposed to be for junior staff, but the senior staff go, just because they want the money.

In some cases, the abuses involved fraud such as registering participants who were not actually in attendance. A Malawian informant described how a district nursing officer might plan a week-long training for 30 nurses. However, she might only invite 10 nurses or conduct the training in fewer days to keep the per diems. Another mid-level officer explained: “people call for workshops and after the money has been approved there is no way [it] can be returned. So, even if there were some people who did not show up they are registered as if they were in attendance.” In Uganda, several informants described the inclusion of “ghost participants” on attendance lists for training workshops. One informant mentioned that attendance dates are manipulated, stating that officers will hold a shorter training, but will then use an attendance list from a different workshop to justify per diems. Mid-level officials in both countries pointed to abuse by officers who pay the per diems:

If they are to give allowances to 100 people who have attended a workshop [but] only 70 people show up, they forge signatures for the 30 who did not come and save that money for themselves. It is not surprising that accounting officers fight to go and pay participants who have attended a workshop. If it is a big workshop, an officer can save between 3-4 million shillings.

They will call 20 people but maybe only 12-15 will show up. Where does the other money go? Nobody knows, and there is not any accountability.

Abuses may involve kickbacks, as reported by Ugandan informants but not in Malawi. In Uganda, informants suggested that accounts officers or senior officials may extort kickbacks from workshop participants as per diem payments are made. One informant described how supervisors who are responsible for allocating staff to activities may also “crack deals” so that the supervisor gets a portion of the officer’s per diem, or an officer may make a “prior arrangement” to share extra days with a senior officer who has approved 14 days of per diem for an activity that will really take only 10 days. Another type of kickback involved hotel arrangements: one NGO informant explained how government staff booking rooms for a workshop may collude with hotel to inflate prices and share the illicit gains.

Not all respondents agreed that staff attended workshops or meetings just to make money. Two Malawian government staff (one low-level and one mid-level) denied that this happens. One Malawian NGO representative thought it would be less likely to happen in NGOs because of the organizational culture:

If the people in the organization are not responsible enough, it is a system that can be abused. People can just create trips; some can be monopolizing going to the field all the time just because they want to get more allowances. But if the culture within the organization is okay, [then] there are some systems to check, there is good coordination, and the one who is approving the trips is doing it well. Then it cannot be an issue. This is a problem in places like in government, where people are free to do what they like, and there is not much monitoring.

In Uganda, one government informant agreed that “officers do jump from one workshop to

another” in order to gain extra per diem; however, another informant stated that good team work inhibited this practice:

In our department there is no workshop jumping since we work as a team. We do enough planning before implementing an activity. Persons are assigned different activities. There is no way a person can be tagged to be in two different workshops at the same time, unless they have presentations to make in both of these workshops.

Favoritism

Several informants mentioned that people who are related to managers may get more opportunities, or that senior staff who are more “connected” may be allowed to benefit from training opportunities meant for junior staff. Others mentioned how politicians often take advantage of per diems, especially allowances for travel outside the country.

Before I came here, I was working at a rural hospital and there people were going to workshops in turns. But here you need to have a friend or relative so that you can be considered.

I think [the people in charge] would give priorities to themselves, then maybe to the favoured ones, then maybe the least favoured.

Some senior officers send their friends or tribe mates to workshops up country where they are expected to earn more allowances. Those not favored by the system are usually sent to Kampala where they get a very small subsistence allowance or to those workshops that have prepaid hotel fees where one is likely to earn little or nothing—no possibility to save.

Upper-level abuses

Informants voiced suspicions of bosses monopolizing opportunities for per diems or taking per diems which were meant for others. A boss might take someone else’s place at a workshop or inflate per diem requests but then not actually disburse the money. One Malawian low-level worker explained, “sometimes you do not even receive the message that you were supposed to go attend a workshop somewhere; your name is taken out before you know it.” In Uganda, a mid-level official stated that “officers tag your name to certain activities, but they never tell you. So that means they take advantage of your allowances.” The officer noted that he would only learn about the activity when it was reported in a meeting. “What I wonder about sometimes,” he mused, “is where they get my signature to show receipt of those allowances.” Another Ugandan officer complained that “those in charge of approving allowances cheat us, thus [they] use allowances as an extra source of income. They include themselves on activity schedules even if they know they will not make the trips.”

Informants expressed resentment that the self-dealing was enriching their bosses and that there was little accountability. A mid-level Malawian official noted that her bosses “benefit a lot because...they are in positions where they can access allowances easily. It can help them do a lot of things like building houses and buying cars.” In Uganda, a driver complained that “top officers do what they feel like and they are not cautioned,” while other informants expressed suspicion that their bosses “play around” with budgets to get per diems, hiding budget details so that it is hard to know where the funds have gone.

As with other types of abuses, not everyone agreed that self-dealing or favoritism was a problem. One Malawian informant defended the practice of sending the “same people” for training, stating that it had more to do with performance than favoritism.

If an officer always reports on time, then he or she would always be sent for these workshops...I was sent to most of the workshops in my area because I did my work to the fulfillment of organizational goals. Why would you give allowances to people who never attend these workshops?

Factors associated with abuses

As showing in Table 6, informants mentioned several types of pressures, incentives and opportunities which lead to abuses of per diems, including low salaries, high cost of living, difficulties saving money, and inadequate monitoring or lack of accountability. In addition, donor-related incentives and weak moral character were seen as associated with greater risk of abuse.

Table 6: Pressures, incentives, and opportunities for abuse

Factor	Illustrative Quote
Low salary	<i>The basic pay is terrible, so abuse of these allowances is not surprising. (high-level officer, Uganda)</i>
High prices	<i>The prices of everything nowadays have gone up. (mid-level officer, Uganda)</i>
Difficulties saving	<i>They are trying to save money to boost their basic income. (high-level officer, Uganda)</i>
Inadequate monitoring	<i>There is monitoring, but the monitoring can have limitations...My controlling officer may not be able to know that I am [delaying an activity] deliberately just to increase days. (high-level officer, Malawi)</i> <i>You find people claiming for allowances but they have not done anything to deserve allowances...you find that people around them know what is happening, but they just let it go. People do not air these [things] out... And I feel this is not going to help us in any way. (NGO officer, Malawi)</i>
Lack of accountability	<i>If an allowance is taken before the job is done, and due to other circumstances the job has not taken place, sometimes it has been difficult for people to return the money. (NGO officer, Malawi)</i> <i>Sometimes people may stay less time in the field because the work that was planned was finished earlier. People may not want to give [allowances] back to the office because maybe they had even used the money already. Maybe they left the money for their family at home, or they bought some things while in the field. (low-level officer, Uganda)</i> <i>It is managers who are incompetent; why would you approve six nights when the work is supposed to be for two nights? If you approved the budget as a manager, then what is your problem if I spend all the money? (mid-level officer, Uganda)</i>
Weak character	<i>It is bad here in the Ministry. Top officials are very greedy. (low-level officer, Uganda)</i>
Donor incentives	<i>How are donors going to make sure they spend all the money? It is through giving out more allowances. (NGO officer, Malawi)</i>

Abuse was sometimes framed as an issue of moral decay or weak character. One informant explained that he would not expect people with integrity, such as pastors or reverends, to engage in abuses. Other people discussed abuses as strategies engaged in by workers to make money, focusing on the economic incentives rather than moral failings.

Several informants mentioned how donors compete with each other to get people to attend meetings or workshops. “If you removed all allowances, most especially for the donor activities, you would not see any work,” said a mid-level Ugandan informant. This may cause donors to offer high per diem rates as an incentive. In addition, when donors are operating under tight deadlines and need to spend funds quickly, they spend a lot on allowance-related activities. So while participants in the study perceived that NGO organizations spending donor funds are less vulnerable to abuse because of greater control systems and higher salaries, they also saw donor funding itself as a factor in increasing pressures to abuse allowances.

4.7 Participants’ suggestions for solutions

Making changes to salaries and per diem rates

Informants made several suggestions about how problems with per diems could be reduced through changes to salaries, increasing per diem rates, and standardizing rates to minimize differences between cadres or by organization.

Increasing salaries of workers and paying them on time is important since low salaries and late payment create a pressure on workers to make money through abuse of per diem policies.

Though we know that there are some who are naturally thieves, if people are comfortable, they do not steal. But if people are being given little salaries and they are educated—let’s say that you are a graduate and you want your children to be going to good schools but your salary cannot afford that, or you need things like going to the hospital, transport, airtime, and you need to cover all these things from a salary which is not enough—in the end people create ways of stealing...If the salaries are enough, then there will be no abusing of allowances.

There are things we call platitudes: obvious. It is like saying that if a woman does not give birth to a girl she will give birth to a boy. It is an obvious statement: to curb allowance abuse, increase basic pay of government employees.

A similar argument was presented for increasing per diem rates as a way to reduce pressure to manipulate quantity of days claimed. This strategy was mentioned by a third of study participants. But not all informants agreed that increasing rates will curb abuses. A Ugandan NGO official noted that rates in his organization are reviewed when there are significant changes in the cost of living, but there are still complaints about per diems.

Informants were of mixed opinion about the value of simply doing away with per diems, or folding the average amount of allowances into monthly salaries. Some felt that this might help, whereas others felt that it would reduce motivation and productivity, as discussed in earlier sections.

Several informants mentioned that creating standard per diem rates for all cadres would be a fairer option. “This is not salary, that you should differ according to grade,” said a mid-level

Malawian official. Some informants also argued for harmonizing rates across organizations. This comment came especially from NGO informants. If rates were standardized, then people would plan their time rationally instead of attending a workshop just because the per diem rate is higher. Informants noted that differences in rates foster competition rather than collaboration among development partners, and create mismatched expectations. One NGO informant thought that Lilongwe District had created a committee to consider the issue of harmonizing per diem rates, but he was not sure how far this work had progressed.

Some informants described an intermediate position, where even if rates are not made completely equal, the differences among rates are reduced. “Those allowances which people get when they go to workshops or out to the field, the differences should not be very big,” said a mid-level informant. Two informants expressed fear that if rates were to be standardized, government might set the standard at a low-level. “For the sake of those that are lower than me, there can be a flat rate,” stated one Malawian official, “I would not complain. But I wouldn’t want my rate to go lower down.” A Malawian NGO informant speculated that “if they lower [government per diem rates] it would not be fair to the bosses because their salaries are low.”

Improving policies

A second set of solutions proposed by informants centered on the policy formulation process. Informants suggested the need for expert advice in designing policies, the value of comparative analysis, and the need to use a participatory process for policy formulation. One Malawian informant who worked for an international NGO felt that comparative analysis among similar organizations (i.e. among private sector organizations, or within the government sector) could be very revealing and was important to reduce complaints. In proposing solutions, informants often mentioned the need to involve a wide range of stakeholders. As one person noted

There has to be a participatory process in terms of developing allowance policies. The staff, managers, and administrators have to agree on putting up a system that is efficient, effective, and that helps achieve the organization’s objectives.

Regarding particular policy reforms, people had mixed opinions on the value of prepaid accommodation. People who thought the organizations should not prepay accommodation noted that getting a lump sum would be more motivating to employees and would be cheaper for government. Informants who argued in favor of prepaying accommodation felt that it would reduce the incentive to “make money” on per diems.

Now, the best way to improve, it would be better if there was one policy whereby they could pay for accommodation then give out that small amount of money. That way, as times goes by we would get used to that and we would not look at these trips or these assignments in the context of money.

A few people suggested paying people per diems only after the work has been done, to assure that work is completed. A Malawian NGO informant observed that “if you are given the money before the work, already that is a loophole” which could result in fewer days worked. A high-level official stated that “even with lunch allowances, we should claim when we come back from wherever we go, because [otherwise] things are just written on paper but not done on the ground.” Other informants disagreed, feeling that it was hard on staff if allowances were not paid in advance.

Increasing checks on discretion

A third area of solutions included checks on discretion such as enhanced monitoring, oversight of discretion exercised by accounts staff, and complaint mechanisms. Informants perceived the need for administrative rules to be tighter to reduce opportunities for abuse, including procedures to check whether trips are legitimate and justified by work plans, or whether particular individuals are monopolizing field assignments. Once a trip is completed, someone should verify reimbursement requests and the documentation submitted, and even periodically audit the field work itself. One NGO informant in Uganda observed that it is folly to expect people to act with integrity if there are no checks and balances: “in some organizations you find that there is one person who approves the budget, signs the budget, and approves allowance requests. Why wouldn’t such a person take advantage of this for his or her own gain?”

People were sensitive to the fact that systems can look good on paper, yet not be implemented. “These checks have to be genuine,” declared one NGO informant from Malawi. NGO informants pointed to how controls worked in their own organizations: “the way our system [is organized], it is not possible that you can go somewhere just to get allowances,” said one informant, explaining that a person who is given per diem for five days and comes back in four days must give back the extra allowance. The informant thought that the strict monitoring could be attributed to the size and culture of the organization. In another example, a Malawian informant noted that staff could not claim extra allowances in his NGO due to multiple levels of control: “it is like you are being monitored by several people.”

The problem, several informants admitted, was that in many places, particularly in government, people are “free to do what they like [and] there is not much monitoring....” Some informants seemed to recognize that control systems have limitations, and it may not be possible to curb certain abuses this way, especially situations where someone has exaggerated the number of days needed for an activity where the inputs are not clearly defined. In Uganda, government administrative systems allow senior staff to sign for per diems on behalf of junior staff, a procedure which several informants felt could be abused.

The system of officers signing for junior staff should be abolished, because this has resulted in cheating of the drivers. Each person should sign for this money, because money is a delicate issue.

Informants were concerned about accounts personnel administering allowances at workshops, a setting particularly vulnerable to abuse of discretion. Informants suggested that additional monitoring and audit activities be focused here.

If you say that there are twenty participants [in a training], it should be checked that there are twenty participants. If there are not twenty, then there should be a financial monitoring to see that only those present should get allowances.

To curb abuse, we have attendance and allowance registers for workshops...There is a lot of auditing, thus it is very rare for officers to create ghost participants. Randomly an auditor could pay a visit or call a person on the attendance register to confirm if he or she took part in the workshop.

Another method to increase accountability and curb discretion is to provide complaint mechanisms. Ugandan informants in particular mentioned the need for procedures to resolve issues that are not being addressed at lower levels.

Officers have selfish interests and as a result give us less than what we are supposed to receive. If only there were meetings to address our complaints.

Increasing enforcement

Several informants wanted greater enforcement of rules. One informant felt that policies had become so loose that many people received per diems even if they did not travel. If staff are not punished for breaking rules, the abuses continue.

People should be tagged as responsible persons for activities. There should be room for cautioning if they misappropriate allowance funds.

There should be implications for fraud. Such implications should be laid down in the allowance policy.

Improving management decision making

Many people interviewed believed that abuses could be controlled through improved planning, use of computers and technology solutions, streamlining processes, and fairly allocating opportunities for earning per diem.

Several people noted that if you schedule workshops to occur one at a time, then people cannot workshop jump. A Ministry of Local Government informant in Uganda was convinced that good planning is the answer, stating “how can a person be in different places at the same time? Departments with such problems need to be coached on effective planning.”

Informants also pointed to the value of applying computer technology. A high-level informant in Malawi felt computerized systems would allow quick search of records to assure that policies were being applied correctly. A low-level government informant in Uganda advocated direct payment of per diems into employee bank accounts as a way to prevent “the thieving cycle which enables officers to conduct workshops from their office desks.” Whether automated or manual, informants felt that procedures for obtaining per diem should not be very long or require a lot of signatures, as these cumbersome procedures can create opportunities for abuse such as extortion of kickbacks from per diem recipients.

Informants felt that more formal systems for allocating opportunities would control the ability of managers to favor themselves or their friends or relatives.

I worked in a hospital where there was a system. The manager would have a book. All those that have gone to a particular training would be written down, so if there is a next training those people would not be considered unless it is very, very important within their section that they went for another training.

Here at the district, when we realize that the one in charge is [always] attending meetings and workshops, we talk to them and encourage them to delegate.

Promoting integrity and transparency

The final set of solutions proposed by research participants centered on promoting integrity and transparency. Participants who perceived abuses of per diem as mainly a moral problem were likely to see the solution in interventions to promote integrity. One mid-level informant in Malawi felt that frequent transfers of staff might help to avoid entrenchment of low

standards of integrity, while other informants pointed to the need for honest leaders and integrity training.

People should not stay long in one place, because...they come to know all the corners and how to go about things. When a [new] clerk comes, [the old timers] will tell him or her that 'this is what we do here.'

We had a Permanent Secretary here who had changed the allowance system. Drivers would get their allowances on time. We had meetings to share experiences and challenges. He was hated by many officers, and it is no wonder that he was shifted from this ministry.

It is only those who have integrity that do not abuse these allowances, like maybe those working in Faith-Based organizations. If a reverend or pastor is responsible for approving allowances, I think such abuse is minimized.

Many informants pointed to the role of information in controlling abuses. With more transparent guidelines and readily available information about how amounts were calculated, it would be harder to manipulate or abuse procedures.

The drivers should be updated on the ministry work plan such that they know when they are to go to the field. This would be very good for the temporary drivers who have inadequate information about ministry activities and are always 'robbed'.

A mid-level Ugandan government official felt that officials should learn to be more open, displaying annual work plans on notice boards and communicating with staff about activities in a timely way. This might help avoid poorly attended workshops which create opportunity for accounts staff to abscond with per diems. Regular staff meetings were suggested as another way to provide opportunities to discuss work plan progress and review activity budgets.

Several Ugandan officials agreed that the dissemination of allowance circulars was essential so that staff members understand their rights. Often, such circulars are given to personnel and accounts officers who do not disseminate them, or staff are "docile" and do not seek out this information. In addition, vote controllers (staff in charge of budget line items) do not disclose budgets for activities. Even if staff gain access to per diem rate information and budget amounts, they will need to "be proactive if they do not want to be cheated."

A Malawian NGO informant noted that external audits are valuable only if results are shared. She noted that when audit reports stay in the accounts office, they cannot promote accountability: "we do not know what transpires after [the auditors] do their work."

5. Discussion and policy implications

An important purpose of allowance policies is to reimburse staff for work-related expenses related to travel and training events through the payment of per diems. But it is clear from our study that allowances also have other purposes, including increasing the general standard of living of government employees by providing salary support to individuals and their families. For many health care workers, the revenue from per diems was an integral part of household budgeting and long term financial planning—allowances were used to support daily expenses, pay back loans, fund periodic expenses such as school fees, and save for larger investments such as home construction. In the context of low government salaries, per diems helped even the low-level public workers to feel that they could provide for their families.

Yet, per diems also had perceived drawbacks and had created feelings of discontent. Particularly in the government sector, per diems were perceived to provide greater financial advantages to already better-off and well-connected staff. These perceptions about favoritism are consistent with political economies that are organized around patron-client relations and obligations of social reciprocity, where decisions about opportunities for training and travel are more political and personal than they are rational (Smith 2003). Yet, participants in our study seemed to feel that social reciprocity was lacking: high officials were enriching themselves but not sharing their gains. People seemed to feel more distrust for officials who were further up in the hierarchy, or in positions where they had little interaction (e.g. accounts department), supporting the idea that social distance is predictive of perceived illegitimacy of actions (Smith 2007).

Many people in our study felt that per diems had created a negative organizational culture where public servants or NGO officials were constantly seeking to be paid for participation in activities. This led to neglect of those activities which were not associated with allowances. In many instances the competition to win per diem revenue, coupled with power imbalances in organizational structures, led to conflict and employee dissatisfaction, possibly counteracting the positive effects of allowances. We did not find evidence that perceptions of abuses differed greatly by the type of activity being supported.

Ultimately, the modality of providing per diem payments does not seem to be effective at achieving either goal, i.e. fair reimbursement of work-related expenses or provision of a living wage for government employees. Per diems reward activity rather than performance, are easily captured by employees with more power in the organizational hierarchy, and can be abused in many ways as discussed further below. Shifting revenue from per diem payment into direct salary support or “top ups” is a possible policy option to consider. But our data suggest that salary increases may not be high enough to motivate employees. Other studies suggest that while wage levels play a role in the likelihood of corruption, raising wages does not reduce abuse in situations where the probability of being caught and punished is very low (Svedoff 2010).

Our study documented examples of particular kinds of abuses including exaggerating or skimming days, kickbacks, ghost participants, and workshop payment fraud. In his analysis of corruption patterns in a natural resources management project in Tanzania, Eirik Jansen found similar types of abuse, e.g. administrators who took money intended for workshop participants, people attending only the first day of workshops to collect per diem, workshop organizers billing projects for too many participants or too many days, etc. (Jansen 2009).

The abuses documented in our study were associated with pressures of needing money and earning low salaries; incentives of greed and a desire to steer revenue-earning opportunities to friends and relatives; and easy opportunities created by an environment where planning,

monitoring, and enforcement are weak or absent. Some informants also mentioned pressures created by donors, including competition to get people to attend workshops or meetings, and the pressure to spend large sums of money quickly, which can be done through additional training workshops and handing out per diems.

It is plausible that the pressure of supporting kinship-based extended families could also be a contributing factor in escalating the abuses, as many people in our study mentioned family needs in relation to allowances. A similar finding was presented in a recent Ugandan study involving 106 focus group participants and 1,097 interviews across eight districts (Bukuluki, Ssengendo et al. 2010). Many participants in that study believed that corruption, including taking bribes or selling government-issued drugs for private gain, was not morally reprehensible if the proceeds were shared with one's in-group or extended family (Ibid. 44).

In our study, abuses seemed to be less severe in NGOs, possibly due to higher salaries, more performance-based organizational culture, and because NGOs seemed to have stronger management controls.

Most study participants seemed to see abuse of allowances according to economic models of corruption, i.e. that officials weigh the benefits and costs of alternative actions when deciding whether to engage in abuse or not. By this model, reform of allowance policies should consider boosting the incentives or benefits of honesty, reducing the pressures which lead to abuse, and increasing the cost to officials of engaging in fraud, for example, by increasing regular salaries or performance-based pay, increasing transparency of allowance budgets and pay-outs, and increasing the likelihood that people who abuse allowance policies will be caught and punished.

At the same time, participants in our study were distressed by the lack of morality exhibited by people who abused the system. Perceptions of morality were complex and seemed tied with how the proceeds from allowances were used or shared. People hold conflicting beliefs at the same time: it is bad for powerful people to abuse allowances, but not so bad if they share the proceeds fairly, i.e. not just with their 'in group'. This suggests that people may be appealing to morality when they feel left out, or when a public official 'eats alone' as it is commonly referred to in Uganda. Daniel Jordan Smith's work in Nigeria found that people equate corruption with decline in morality because they believe that morality should "privilege people and the obligations of social relationships above the naked pursuit of riches." (Smith 2007, p. 138) Judgments of morality and corruption are therefore linked with perceptions of equity and reciprocity. More work is needed in this area to try to build on people's expressed desire to curb abuses, while also recognizing the complexity of attitudes toward corruption, equity, and social obligation.

Organizational culture was seen as amenable to change through the selection and promotion of good leadership and personal moral decision-making: several informants gave examples of good leaders who had implemented changes to reduce abuses. In developing public policy it is important to consider both the economic and the moral perspectives.

Our study was not intended to be a comprehensive policy review and has limitations. For example, we cannot quantify the amount of spending on allowances, either by donors or in the government sector. We do not know the size of monetary losses due to abuses of allowances. Nevertheless, the findings of the study have applications to policy analysis which are discussed below.

5.1 Implications for policy

Assessment

Findings of our study can be used to help develop survey tools to begin measuring public perceptions about this issue. Similar to corruption perception surveys, this type of data collection will allow policy analysts to set priorities and determine a baseline against which future reforms could be measured. Survey questions could be developed based on the themes or problems identified through the research in Malawi and Uganda.

In addition, it is important to study allowances in light of existing regulatory structures and the macroeconomic context (Conteh and Kingori 2010). Countries which are more reliant on donor funding to pay recurrent health sector costs, or which have weaker regulatory structures in place to govern policy implementation, may need to sequence interventions in specific ways. Important descriptive data and performance indicators to consider include:

- **Allowance and per diem policies and rates.** Current policies should be assembled and compared. How and why do policies and rates differ between government and development partners, cadres of staff, locations, and type of activity being sponsored?
- **Budget analysis of total spending on allowances and per diems.** Spending on different categories of allowances can be compared and geographic differences considered. Compare allowances to total personnel expenditures. Relative spending by sources of funds (government, donor) is also important.
- **Per diem rates compared to per capita income.** To analyze equity implications and study poverty-reducing impact of allowances, spending on allowances per employee should be compared to median salaries.
- **Control procedures.** Current policies should be reviewed from a control perspective to determine the specific types of approval and control procedures in place, and to evaluate their adequacy in preventing fraud and abuse.

Policy Formulation

Once policies have been assessed, reforms can be considered. The policy formulation process should include participation from stakeholders through task forces. Our study showed that officers at all levels of the system are likely to have ideas on how to reform the system to be more equitable and to reduce opportunities for abuse. Reforms should consider integrated solutions which address the roles and contributions of NGOs and development partners as well as government institutions. Such solutions may be harder to implement but would better manage incentives. Some of the strategies to consider include:

- **Reducing pressures:** Moving some part of current allowances spending to salary support (as described earlier) may alleviate some of the pressure to abuse allowances or manipulate work patterns. Some part of allowances spending may still be kept to reimburse actual expenses and as performance-based incentives. Policies to standardize rates, change timing of payment, or pre-pay accommodation, may also influence incentives and should be discussed. It is probable that simply increasing rates of per diems will not reduce, and may even increase, pressures to abuse.
- **Controlling discretion:** Requiring recipient signatures in all cases of allowance distribution (no bosses signing for their employees). Increasing checks on discretion, making sure there is adequate separation of tasks in budgeting for and spending of

allowances. A key issue should be to make sure that policies are based on considerations of “good enough” governance, rather than advocating ideal control systems that are not feasible to implement given existing human resources capacity.

- **Increase transparency:** Making sure that staff are informed of policies, disseminating information about planned and actual spending on allowances, and on work plans.
- **Increase accountability:** Creating performance indicators and standards related to allowances and encouraging competition on these indicators (for example, average spending on allowances per employee). Provide financial incentives for organizational units to manage allowance spending more effectively. Even simple policy changes to require back to office reports, or feedback sessions to share lessons learned from trainings, can increase accountability.
- **Strengthen detection and enforcement:** Creating complaint mechanisms. Strengthening the integrity of systems for tracking abuses. Reducing the barriers to punishing employees for abuse of allowance policies.
- **Develop and reward moral leaders:** Design selection and promotion criteria and procedures to encourage moral leadership. Provide recognition to leaders and managers who reduce abuses and address complaints effectively.

Policy implementation

Key issues to consider in policy implementation are leadership, technology, and pilot testing. First, our study results indicate that abuse of allowances is seen as both an economic and a moral issue: it is therefore important to look for individuals with integrity who are willing to provide transformational leadership. A leader who is ethically motivated to combat abuse of allowances could help organizations to align human resource policies with other organizational goals and systems, and to overcome the challenges of integrating policies and practices of collaborating institutions. He or she would also be able to continuously motivate staff by helping them see the benefits to be gained from reducing abuses.

Secondly, technology can be an important resource for policy implementation. For example, several people in our study mentioned the need to create management systems to pay allowances directly to employees (thus reducing possibilities of theft of allowance funds), and to perform database searches to verify that policies are being implemented properly. A system to report and analyze training outputs by source could help to monitor changes and provide data on days of training received by individual staff. Mobile phone applications could be used in complaint reporting and to help target audit activities.

Finally, it is important to pilot test policies, with rigorous evaluation to test hypotheses about relationships (i.e. whether a particular policy will decrease the amount of time spent in the field or increase reporting compliance) and to determine whether changes lead to improved outcomes. The interdependencies of policies affecting human resources management and financing are complex, and policies may have unexpected impact or no impact at all. As with the evaluation of other poverty reduction strategies, it is worthwhile to test and assess policies on a small scale before going forward with nation-wide implementation.

Roles for Donors

Donors can support reform in specific countries in several ways, including:

1. Reform Roundtables. Facilitating discussions of allowance policy reform in the context of country level financing and governance reforms, and human resource policy and planning. Ideally this should be organized through existing coordination mechanisms such as regularly scheduled Partners meetings, Sector Support task forces, Country Coordination Mechanisms and the like. Clearly, if special meetings are held the policy on paying per diems should be considered carefully and conveyed explicitly to participants, as it will have symbolic importance.

2. Policy Analysis Tools. Donors could support the development of frameworks for analysis, data collection instruments, and other guides or tools to facilitate policy analysis on this topic.

3. Systems Strengthening. Initial investments to strengthen control systems through information technology (automated payment systems, fraud control checks, training databases) are needed in many countries. Donor support for these activities will need to be aligned with overall public financial management (PFM) reform plans and other health sector systems strengthening programs.

4. Baseline Data Collection and Pilot Testing of Interventions. Donors could support collection of baseline data needed for policy analysis for design of reforms in countries where this issue is a priority. It would be extremely helpful to pilot test interventions or phase their introduction, so that the intervention can be evaluated to demonstrate effectiveness.

Annex A: Methods

The research protocol was developed by investigators at CGHD and reviewed by the Boston University Medical Center Institutional Review Board, and was considered exempt. Data were collected by team members in Malawi and Uganda.

In-depth, semi-structured interviews were conducted with 20 key informants in Malawi and 21 informants in Uganda. Snowball sampling was used to recruit participants. Interviews were held in offices, cafes, hotels, homes, and health facilities. They took 30 minutes on average (range: 19-60 minutes), and were conducted in English. Participation was voluntary and researchers obtained informed consent. Where permission was given, interviews were also recorded and transcribed by the research team members. In Malawi, all interviews were tape-recorded, while in Uganda about half were taped. When interviews were not taped, a research assistant took detailed notes which were reviewed to construct a transcript. Researchers in Boston reviewed selected transcripts and compared to tape recordings to control for accuracy of transcription.

Participants were asked questions about the types of allowances they received, advantages and disadvantages of allowances (for individuals and the organization), vulnerabilities to abuse, and possible solutions. The question guide is attached.

Following a modified grounded theory approach, the Boston research team analyzed the first 4-5 transcripts from each country and provided feedback to local researchers about themes and areas for probing. This feedback helped inform the direction of questioning in subsequent interviews.

Transcripts were imported into NVivo 9[®] software for analysis of perceptions of allowances, types of abuses, and other themes. Theoretical categories were derived from or grounded in the empirical data collected from interviews.

Discussion guide

Guide for In-depth Interview

We are conducting a study that aims to improve policies for human resources management in developing countries, especially policies related to per diems allowances. As part of this study, we would like to discuss your experiences with and opinions about per diems and other allowances.

By **per diem** we mean a daily allowance, usually determined in advance, paid by an employer, development agency or client, to cover approved employee expenditures such as lodging and meals when away from post.

By **allowances**, we mean payments made by an employer to pay or reimburse for expenses related to employment.

1. What kinds of per diems and allowances do they offer to employees of your level in this organization?
2. For an **organization** like yours, what are the **advantages** or **benefits** of per diems and allowance policies?

Probe: **Why** does your organization provides them? What does the organization **gain** from this?

Probe: Can you give an example?

Probe: Would employees do the work (e.g. go to meetings) if there were no per diems or allowances? What would happen?

Probe: Do policies benefit the organization in terms of staff development? Why or why not?

Probe: Any other advantages?

3. Are there other, more **personal** advantages for people at your level of the organization?

Probe: Why do people **like** per diems and allowances?

Probe: What do people gain from being in a position to **approve or give** per diems? What do they gain from being in a position to **receive** them?

Probe: How do per diems/allowances relate to people's salaries or income?

Probe: Can you give an example?

Probe: Any other reasons?

4. For an **organization** like yours, what are the **disadvantages** or problems with per diem and allowance policies?

Probe: Can you give an example?

Probe: Do they affect staff productivity or availability? If so, how?

Probe: Do they affect quality of work? If so, how?

Probe: Any other problems?

5. On a **personal** level, are there any disadvantages for people at your level?

Probe: What do people **dislike** about per diems?

Probe: Do people feel policies are **unfair**? Why or why not?

Probe: Are there any other concerns?

6. Sometimes people can **abuse** the system for personal advantage. Do you know of any ways that per diem policies in your organization might be **vulnerable to abuses** (whether or not they have actually taken place)?

Probe: Can you give me an example?

Probe: Can you describe how that happens? (try to get a good understanding of the **context** in which the abuse takes place, and what seem to be **contributing factors** which allowed the abuse)

Probe: **Why** do you think some people abuse the system?

Interviewer: If the person does not come up with examples on their own, you might use some of the questions below to probe types of abuses which have occurred in other settings:

Probe: Do staff ever try to change the design of a work activity or work plan in order to maximize per diems? Do they favor some types of work and neglect others?

Probe: Do staff ever travel or attend meetings when they do not need to? Can you explain how this happens? What is the impact on work?

Probe: Do staff members ever abuse their discretion in deciding who should do work which is entitled to per diem? How? What are the results?

7. What can be done to improve policies and reduce abuses?

Probe: How would that work? Can you give an example?

Probe: Who should do these things?

8. Do you have any other thoughts you would like to share?

Thank you for your time.

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Abstract

This study details the perceived benefits, problems, and risks of abuse of per diems and allowances in developing countries. Drawing on 41 interviews with government and non-governmental officials in Malawi and Uganda the report highlights how practices to maximize per diems have become a defining characteristic of many public institutions and influence how employees carry out their work. Per diems have many negative effects, increasing costs and inefficiencies and creating opportunities for abuse. Any attempt to reform such practices must start with a clear understanding of the incentives for abuse and adopt multifaceted strategies. Introducing tighter financial controls and enhancing transparency in policy implementation may help to reduce abuses, but is unlikely to be sufficient. As per diems have become de facto top ups of salaries, more fundamental reform of health worker incentives and payment is also needed.

We find that respondents voiced many discontents about per diems, stating that they create conflict among staff and contribute to a negative organizational culture where people expect to be paid for all activities. Work practices are manipulated by slowing work, scheduling unnecessary trainings, or exaggerating time needed in order to maximize per diem revenue. Other abuses involve embezzlement and workshop-related fraud. Abuses were more common in the government sector due to low pay and weaker controls, and per diems were perceived to unfairly provide advantages to already better-off staff.