Public Ethics: challenges and tools

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What is Public Ethics?

Guiding values

moral standards in organizational conduct

normative model for personal ethics

The Seven Principles of Public Life:

- **Selflessness**
- **Integrity**
- **Objectivity**
- **Accountability**
- **Openness**
- **Honesty**
- **Leadership**

Basic values may seem like truisms.
But we must talk about them to remember what they means!

***Ethic codes**, in many cases, are too abstract to guide employees in specific situations*

Moral ambiguity happens in the administrative life!
- should we leave employees with occurring dilemmas?

What is Public Ethics?

Rules of conduct

rules for acceptable public employee conduct

describe the necessary limitations on individual behavior

- *May I accept a bottle of wine from a business associate?*
- *Am I allowed to do other work in my free time, and if so, what type of work?*
- *What is important if I have dealings on the stock exchange?*
- *What should I do if I learn of an instance of misconduct at the Tax Administration?*

(Netherlands Tax and Customs Administration, 2001)

Rules of conduct, in many cases, are too specific, providing guidance only for particular cases!

What is Public Ethics?

Public integrity

Who is responsible?

Ethos of public servants

Individuals upholding the obligation of public office to implement public programs in accordance with laws and rules, and in support of the public intent or the collective interest.

Institutional capacity building

Building **ethical infrastructure** *to support ethical conduct of individuals*

What is Public Ethics?

Public integrity

Integrity can be defined as the use of funds, resources, assets, and authority, according to the intended official purposes, in line with public interest.

Integrity violations can be broadly categorised in **seven** groups:

- **corruption** including bribery, "kickbacks", nepotism, cronyism and clientelism;
- **fraud and theft** of resources;
- **conflict of interest** in the public service and in post-public employment;
- **collusion**;
- **abuse and manipulation of information**;
- **discriminatory treatment** in the public procurement process;
- **waste and abuse of organisational resources**.

„Addressing the Threat of Fraud and Corruption in Public Procurement. Review of state of the art Approaches"; Center for the Study of Democracy; Sofia 2013

How to strengthen public ethics / prevent corruption?

Challenge:

- **ensure ethical behaviour** by local and regional authorities, elected representatives and officials

whilst

- **respecting local governance principles** as well as individual rights and legitimate interests

How to prevent corruption?

Corruption prevention in public administration:

- 'Soft', qualitative approaches

- Structured and formalised approaches

- Mixed approaches

'Soft', qualitative approaches

- Codes of ethics
- Anti-corruption education
- Fragmentary organisational solutions

What is missing?

Verification of safeguards for **effectiveness**

- Specific **rules of conduct**
- Systematic **risk analysis**
- Solutions which guarantee a **periodic review** of solutions that have been implemented

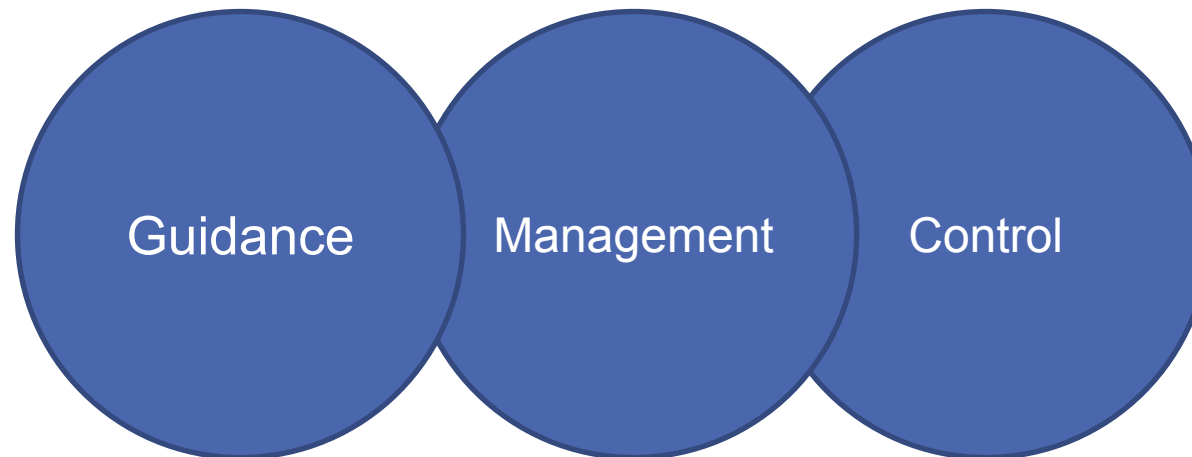# 'Soft', qualitative approaches

Example:

- **1998 Recommendation of the OECD Council on Improving Ethical Conduct in the Public Service, Including Principles for Managing Ethics in the Public Service**
  12 Principles for managing ethics in the public service

A well-functioning **Ethics Infrastructure** supports a public sector environment which encourages high standards of behavior.

The elements of infrastructure:

Guidance   Management   Control

It is not a legal instrument but a collection of recommendations

'Soft', qualitative approaches

Example:

- **The handbook of good practice** prepared by the Committee of Local and Regional Democracy (CDLR)
- Adopted by a high level international conference (March 2004, Noordwijkerhout, the Netherlands) following intensive national consultations

It is not a legal instrument but a collection of good practice

Structured and formalised approaches

Anti-corruption policies | Self-assessment tools +
improvements plans

Approaches applied:

- Utilization of **self-assessment** by public organisations to obtain diagnosis and efficiency-boosting measures

- Bridging various **models used in quality management**, both in the public and in the private sector (eg. CAF)

- Facilitating the **bench-learning** process, i.e. learning by benchmarking across public sector organisations

Structured and formalised approaches

Procedural solutions introduced by the organisation's management, for instance:

- **Specific guidelines for actions** to be taken in cases of corruptive situations or suspected unethical or illegal conduct,
- **Procedures** to verify assets declarations,
- **Procedures** to prevent conflict of interest,
- **Bylaws** to prevent conflicts of interest,
- **Rules specifying general legal solutions** regarding public procurement,
- **Regulations** concerning **additional employment**,
- Rules of **contact with lobbyists**,
- **Personnel recruitment** and promotion procedures.

How to prevent corruption?

„The moral public servant must be aware of the moral ambiguity

of all men (including himself) and

of all public policies (including those recommended by him)"

Stephen K. Bailey „Ethics and the Public Service"

Public Administration Review, Vol. 24, No. 4 (Dec., 1964)

Structured and formalised approaches

CoE Public Ethics Benchmark

first developed in 2006 by the CoE's Centre of Expertise for Local Government Reform on the basis of the Handbook of Good Practice on Public Ethics at Local Level

- **The European Score Card** for public ethics at local level - a structured list of statements about public ethics - **the starting point** for the preparation of a National Benchmark

- **helps to identify strengths and weaknesses** - to identify the basic ethics framework at local level

- elaborated **National Benchmark** includes average scores of participating municipalities - constitutes the yardstick against which each municipality can be measured, either by self-assessment sessions, or peer reviews.

Structured and formalised approaches

CoE Public Ethics Benchmark

6 chapters:

1. Status of local elected representatives

2. Funding of political parties, political associations and individual candidates local level

3. Control and audit of local authorities

4. Status of local public servants

5. Transparency, administrative procedures, anti-corruption campaigns and evaluation

6. Local authorities' relations with the private sector

Revision of PEB toolkit

Corruption Risk Analysis covering identification of risks and the level of **likelihood** of their occurrence, and the related **consequences** for all processes identified in the institution
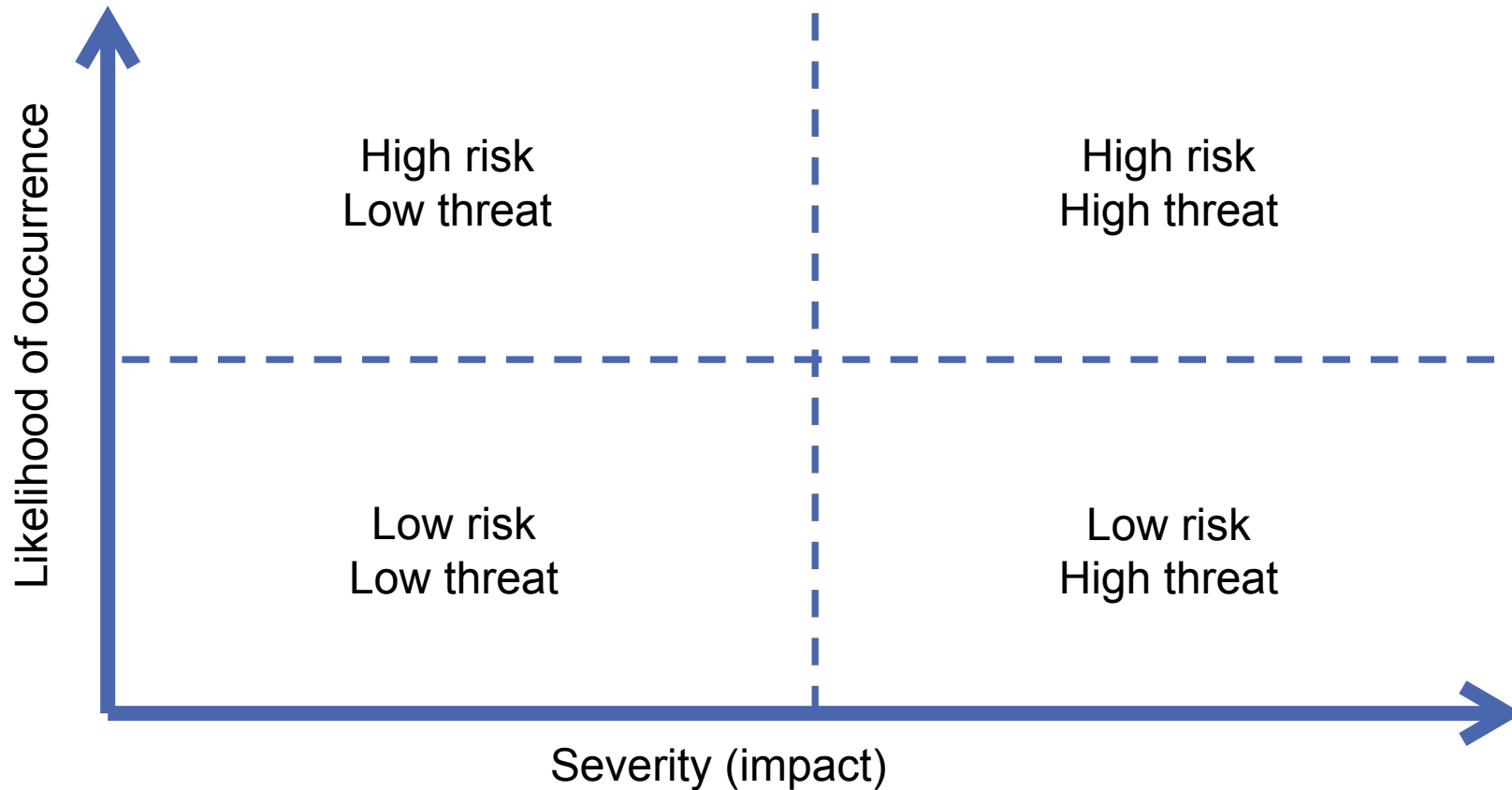
Risk mapping – **possible irregularities in selected areas of public administration operations**

➢ **RISK** – an **accumulated outcome of the likelihood of uncertain events** which may have either an adverse or a favourable effect on the performance of an organisation.

➢ Three key risk components:

- **Event** (description of circumstances accompanying the event where we see risk)

- **Likelihood**

- **Severity** (impact)

Revision of PEB toolkit

RISK MAPPING:

Likelihood of occurrence (vertical axis)

High risk Low threat	High risk High threat
Low risk Low threat	Low risk High threat

Severity (impact)

The likelihood of a corruptive event and the scale of its impact are <u>independent</u> of each other. In other words, a reduced likelihood of an event does not reduce the scale of its impact

Revision of PEB toolkit

Risk analysis concerns processes occurring within the organisation

Areas to be included in risk mapping can be identified on the basis of the following criteria:

➤ The **scope** of the occurrence (does it affect elements of operations in public administration units or does it relate to the broad spectrum of their activities?)

➤ **Frequency** of occurrence

➤ **Possible impact**: scale of potential financial and material damage (resulting from unethical or corruptive conduct)

Revision of PEB toolkit

Examples of risk areas (within the sphere concerned):

➢ **Cash transactions**,

➢ **Decisions on expenditures** made by individuals or groups of employees,

➢ **Awarding contracts** to suppliers/external contractors,

➢ Giving individuals or groups of individuals the opportunity to **use limited services or resources**,

➢ Ensuring freedom to staff members in making decisions to award subsidies or benefits,

➢ Making decisions concerning the selection of the place where a service is to be performed,

➢ Making decisions concerning employment and/or staff's promotion

Revision of PEB toolkit

An example of a risk assessment scale:

- Assessment of **risk likelihood** (sample scale):

  1 = highest; 0.75 = serious; 0.5 = moderate; 0.25 = low; 0.1 = negligible.

- Organisational **impact assessment**:

  1 = very serious; 2 = serious; 3 = noticeable; 4 = negligible; 5 = hardly any

The criteria for using scores should be precisely defined!

Score	Assessment
1	**Negligible**, i.e. occurrence of a threat will have no impact or only a marginal impact
2	**Insignificant**, i.e. there might be consequences related to delays in task fulfilment or challenging the reputation of the organisation.
3	**Considerable**, i.e. there are possible consequences related to undermining the organisation's reputation or trust in the organisation, or significant delays in the fulfilment of tasks, or mild financial consequences.
4	**Serious**, i.e. financial and legal consequences or consequences related to loss of reputation and trust in the organisation are possible, or its tasks and goals will not be achieved
5	**Very serious**, i.e. serious financial and legal consequences are possible or strategic tasks and goals will not be achieved or the organisations reputation will be damaged

Revision of PEB toolkit

Corruption Risk Analysis

PROCEDURE AT THE LOCAL GOVERNMENT LEVEL

1) **Internal training** (including self assessment of ethical infrastructure with a simplified benchmark)

2) **Identification of key administrative processes**

3) **Adoption of risk assessment organizational model**

4) **Adoption of proposed procedures**

5) **Identification and assessment of risks**

6) **Elaboration of prevention and monitoring mechanisms**

7) **Introduction of formalized internal standards**

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Advantages of risk-assessment approach

- A focus on **prevention** (risk reduction)

- Regular audits and checks of the system

- A **defined response procedure** in case of a corruptive event

- Good tools for **risk identification**

- Parametrisation of **risk assessment**

- **Comparable outcomes**

  ◦ If a uniform system is adopted, this allows organisations to develop effective instructions for its introduction, prepare external advisors/consultants as well as internal and external auditors.

Problems with risk-assessment approach

- ## Inside the institution
  - **Easy transition from new to routine** (in risk assessment).
  - **Underdeveloped response procedures** in the case of risk.
  - Limited participation of external stakeholders, which, among others, has the following effects:
    - Propensity to neglect certain risks
    - Underestimation of risks in the risk assessment process

- ## Systemic barriers
  - **No European standards**;
  - Many countries **lack good guidelines and risk assessment tools**, which means their risk assessment systems are underdeveloped.

Problems with risk-assessment approach

- Inside the institution
  - **Easy transition from new to routine** (in risk assessment).

Source: Philipp and Dunlop
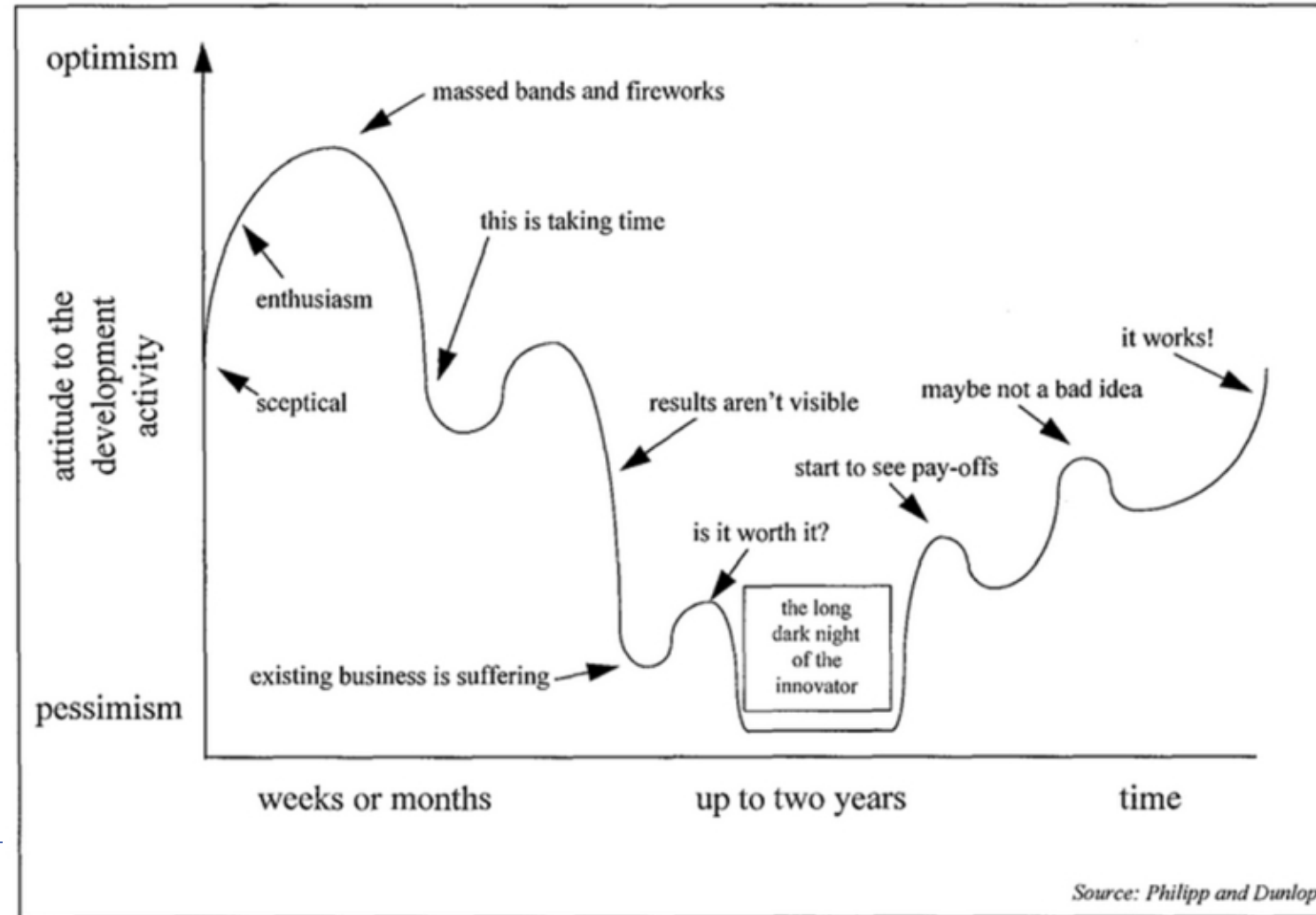
Revision of PEB toolkit

Additional elements

1) Standard definitions related to ethics and corruption

2) Discussion of key issues related to ethics and corruption problems in Europe

3) Participatory / gender perspective

4) Presentation of ethical infrastructure solutions in public administration

5) Revised training module

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# Revision of PEB toolkit

Corruption Risk Analysis

APPLICATION OF THE TOOLKIT AT THE NATIONAL LEVEL
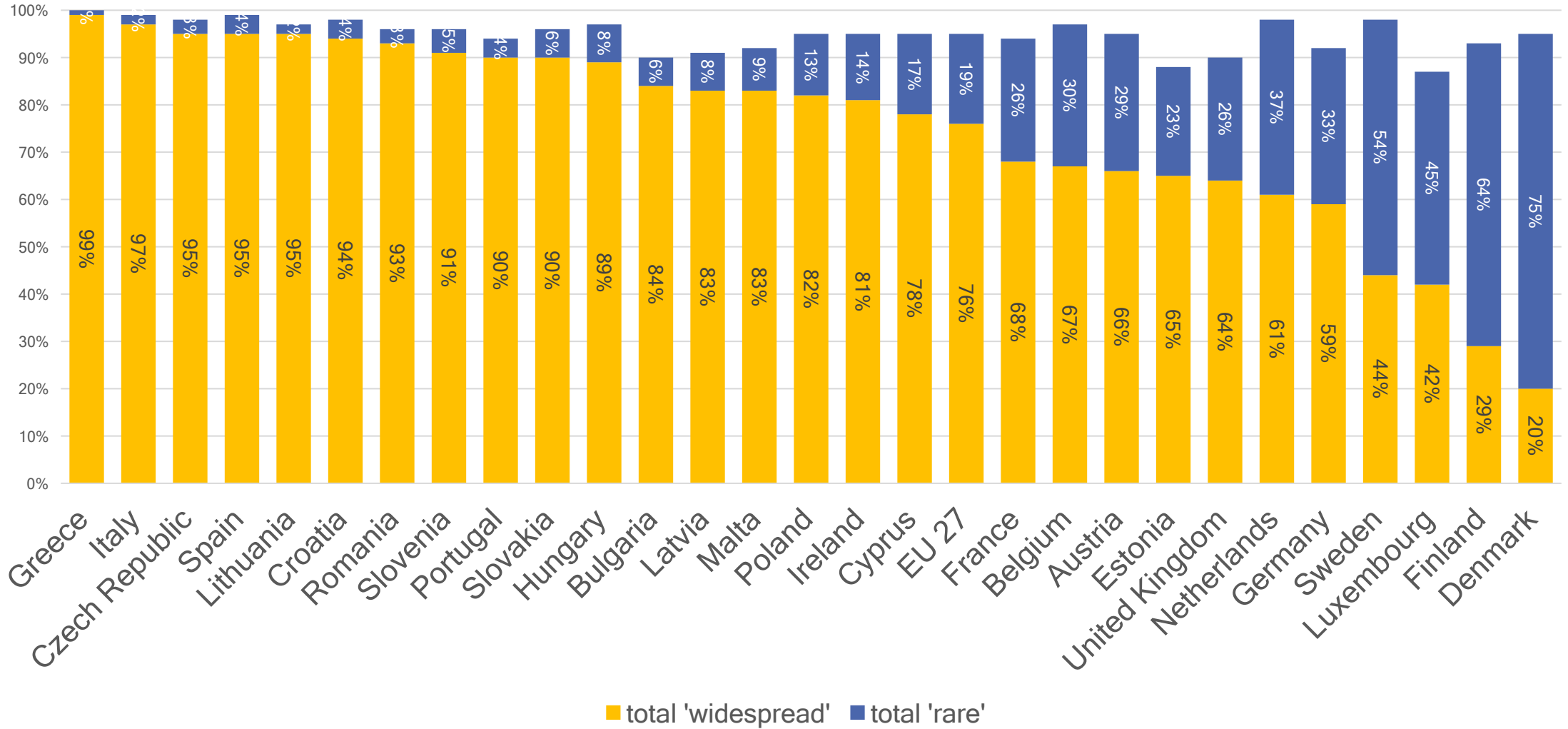
1) Training of experts / peers (ToT)

2) Corruption risk assessment at the local level (selected municipalities)

3) Revision of PEB – selection of national indicators

4) Self-assessment (based on adopted PEB) in selected municipalities

5) Elaboration of the national benchmark and risk-assessment standards
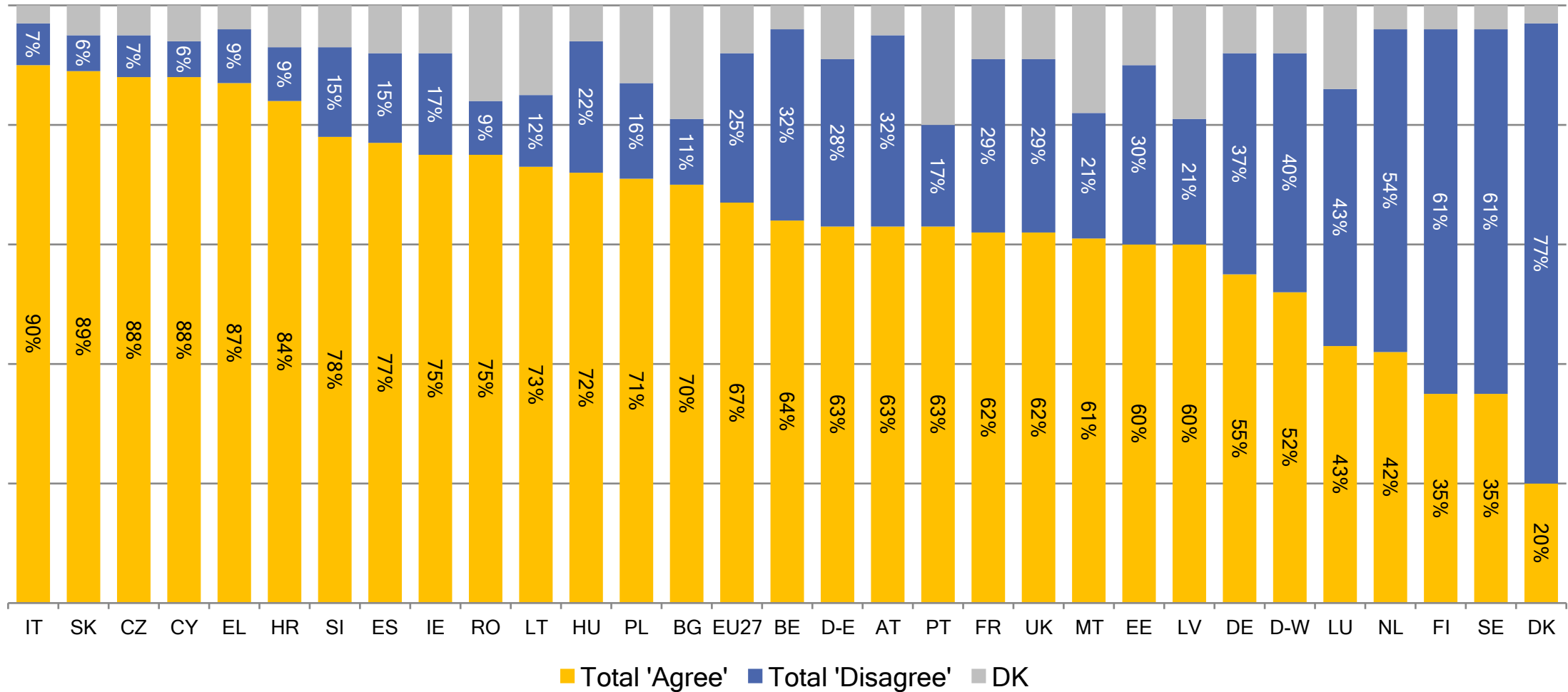
How big is the problem?

**Corruption Perception
Index 2016**
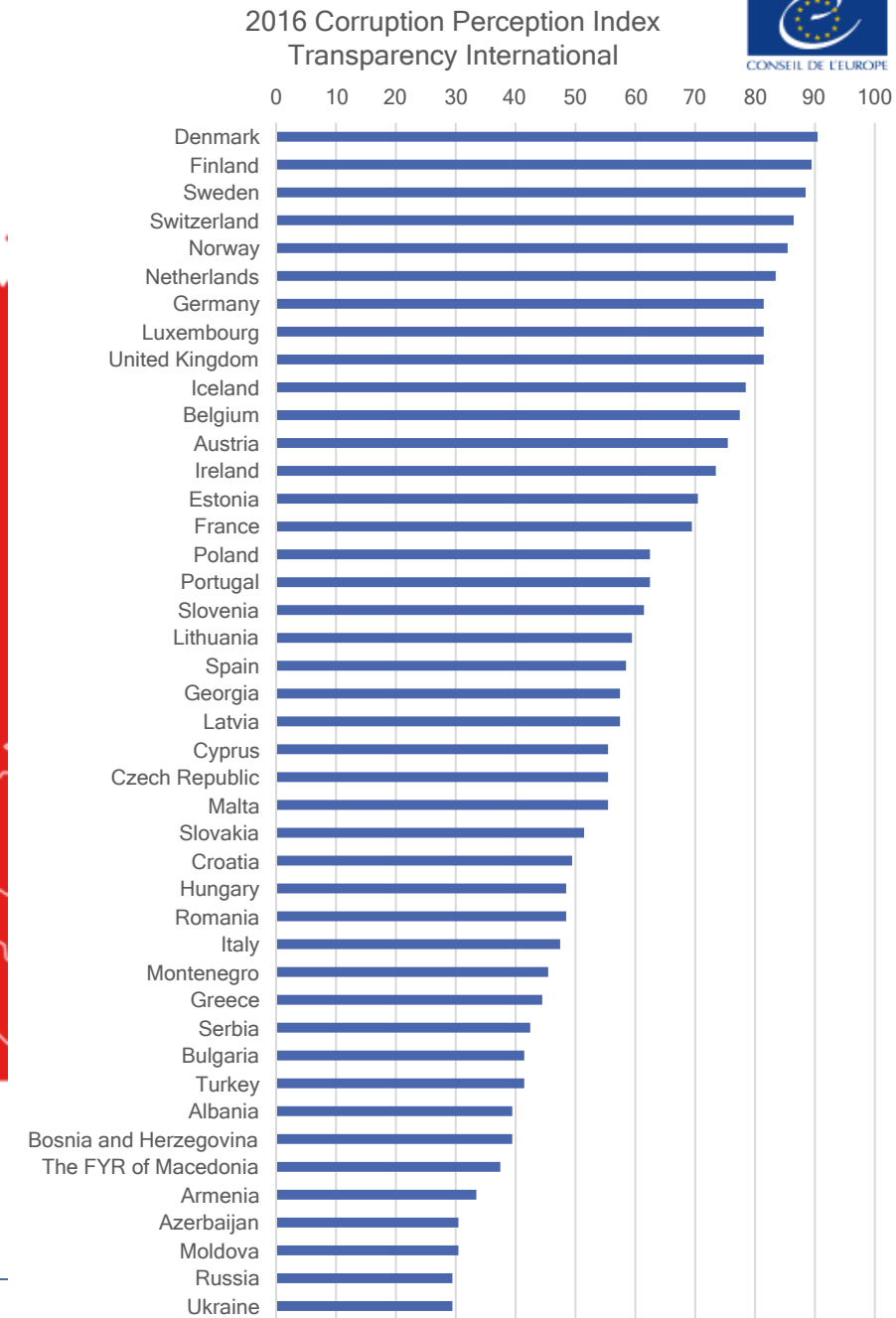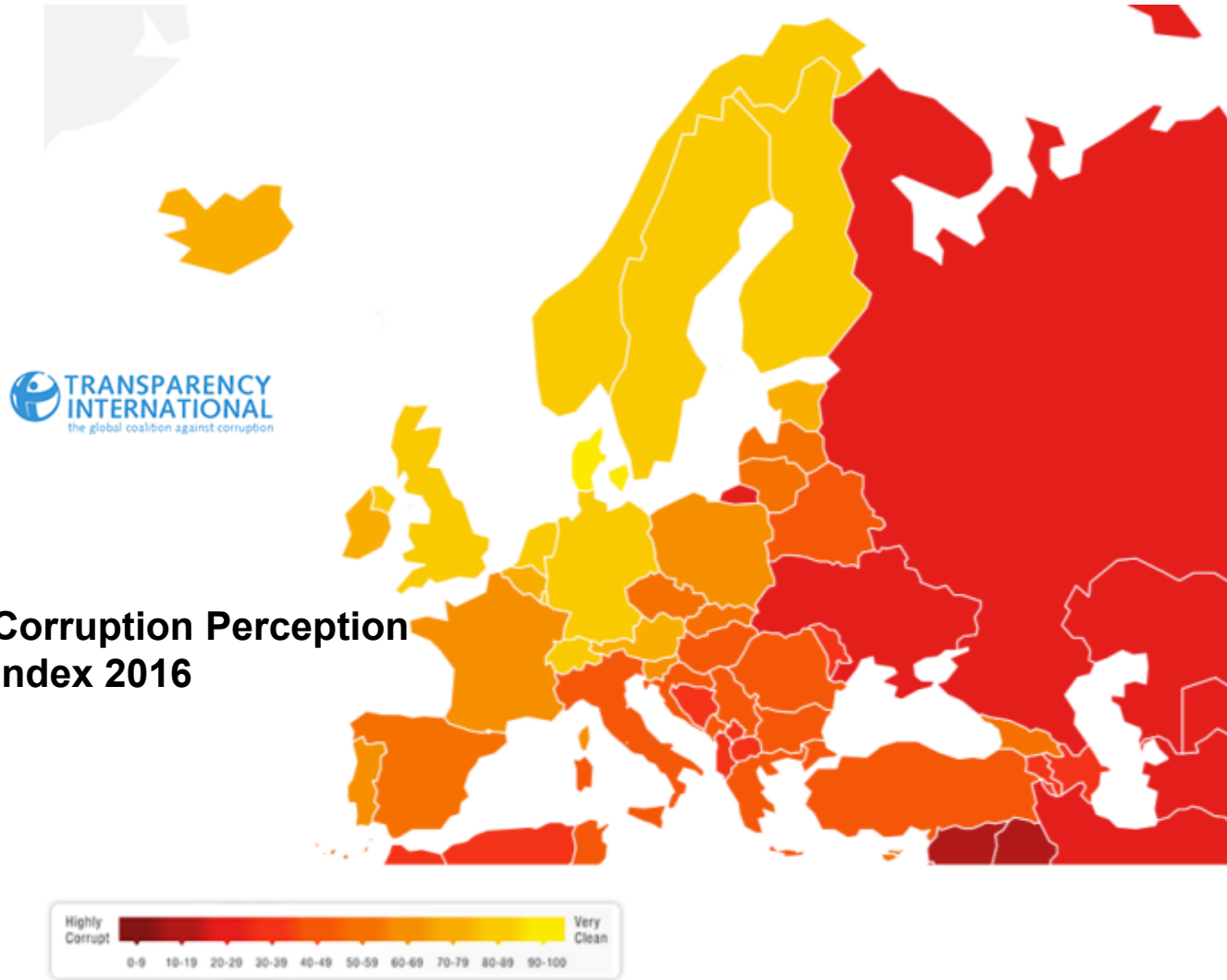
How big is the problem?

How widespread do you think the problem of corruption is in (our country)?

Special Eurobarometer 397, Wave EB79.1 – „Corruptio

How big is the problem?

„Corruption is part of the business culture in (OUR COUNTRY)"

Country	Total 'Agree'	Total 'Disagree'	DK
IT	90%	7%	
SK	89%	6%	
CZ	88%	7%	
CY	88%	6%	
EL	87%	9%	
HR	84%	9%	
SI	78%	15%	
ES	77%	15%	
IE	75%	17%	
RO	75%	9%	
LT	73%	12%	
HU	72%	22%	
PL	71%	16%	
BG	70%	11%	
EU27	67%	25%	
BE	64%	32%	
D-E	63%	28%	
AT	63%	32%	
PT	63%	17%	
FR	62%	29%	
UK	62%	29%	
MT	61%	21%	
EE	60%	30%	
LV	60%	21%	
DE	55%	37%	
D-W	52%	40%	
LU	43%	43%	
NL	42%	54%	
FI	35%	61%	
SE	35%	61%	
DK	20%	77%	

Legend: Total 'Agree', Total 'Disagree', DK

Special Eurobarometer 397, Wave EB79.1 – „Corruptio

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How big is the problem?

„Corruption is part of the business culture in (OUR COUNTRY)"

Map Legend

Positive

Stable

Negative
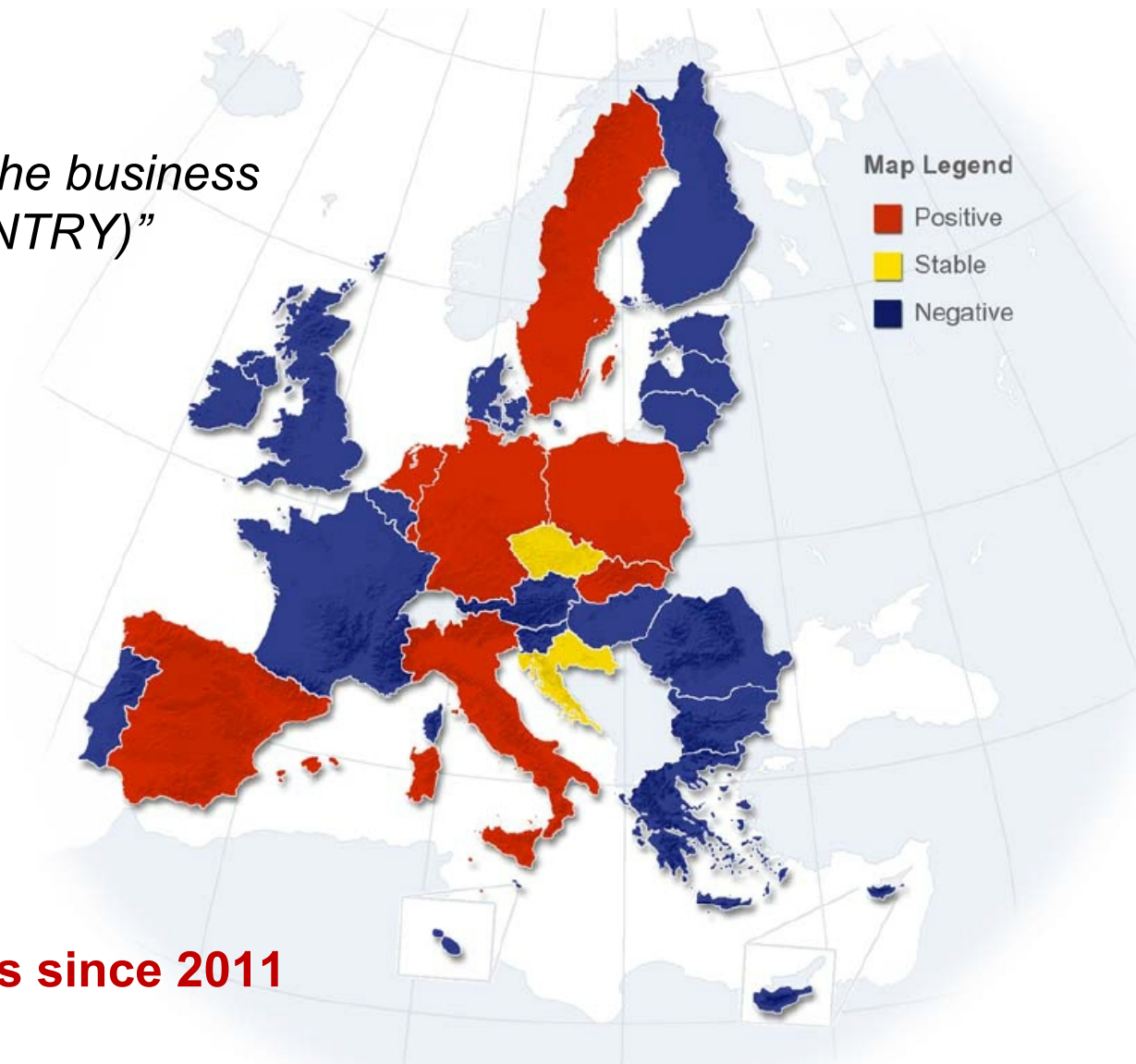
Evolution of opinions since 2011

Why is it important?

World Bank analysis of the Gallup World Poll (Policy Research Working Paper 5157, 2009)

There is a statistically significant **correlation** between **confidence in public institutions** and **measures of corruption**.

Individuals with low confidence in institutions:
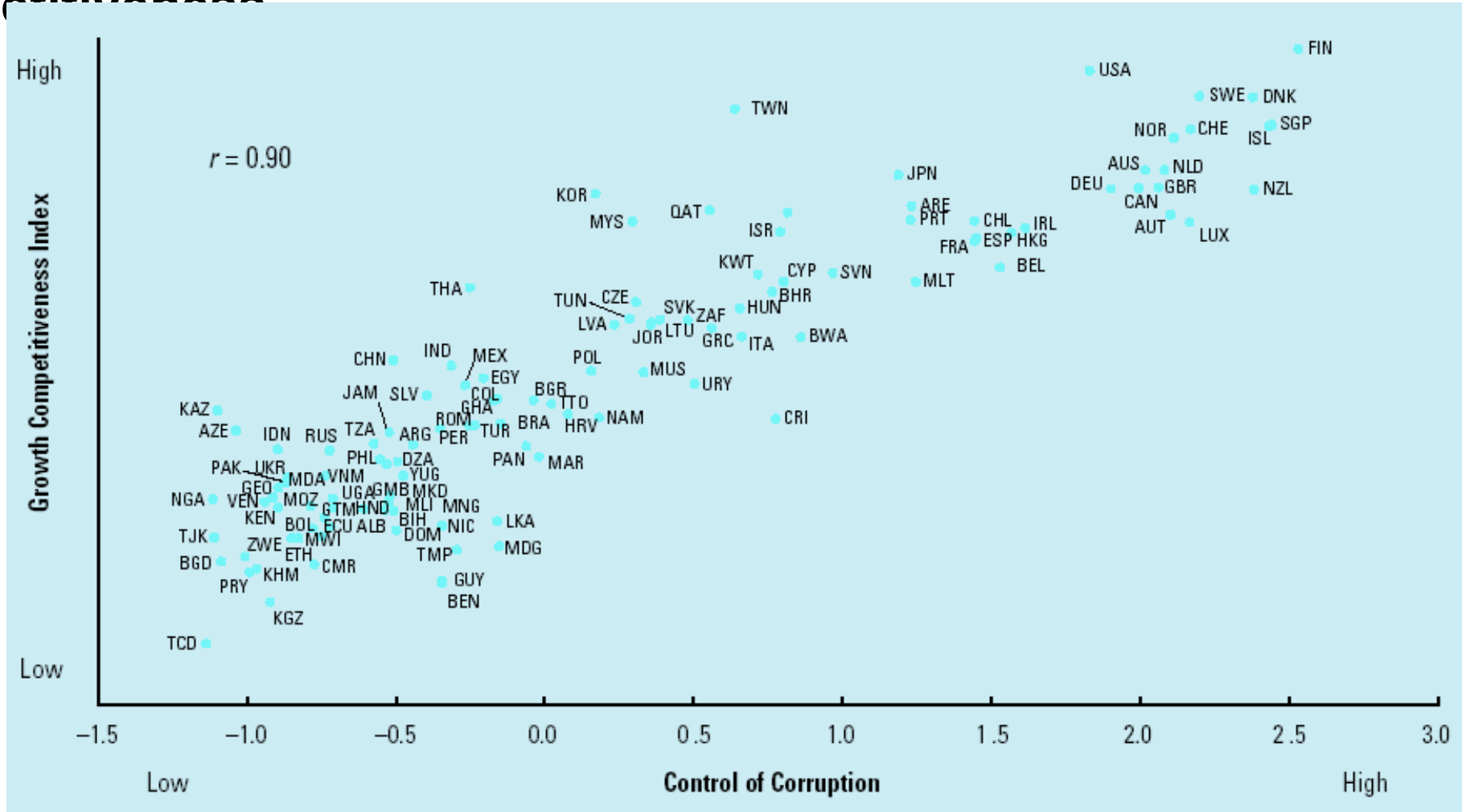
- exhibit **low levels of political participation**

- show increased tolerance for **violent means** to achieve political ends

- have a greater desire to "vote with their feet" through **emigration**

Why is it important?

Control of corruption is associated with greater country competitiveness

Why is it important?

According to European research there is evidence linking corruption to:

1. **Lower levels of trust in government;**

2. **Deviation of public spending from sectors less prone to corruption (health and maintenance) to sectors more prone to it (construction);**

3. **Lower levels of tax collection;**

4. **Exclusion of women and minorities;**

5. **Less talent retention or increased levels of "Brain drain";**

6. **Diminished capacity to innovate; and**

7. **Lower ability to absorb EU cohesion funds.**

corruption at national level is an interaction of factors between

opportunities (resources) for corruption and

deterrents (constraints) imposed by the state and society, as follows:

Control of Corruption =

Constraints (Legal + Normative) — Opportunities (Power discretion + Material resources)

Alina Mungiu-Pippidi: The Good, the Bad and the Ugly: Controlling Corruption in the European Union

Why is it important?

Control of Corruption =

Constraints (Legal + Normative) — Opportunities (Power discretion + Material resources)

EU Member States by Corruption Risk Group

		Constraints		
		high	**medium**	**low**
Resources	**low**	Finland France Netherlands Estonia Denmark UK Sweden Ireland Belgium	Lithuania	-
	medium	Luxembourg Germany Austria	Latvia Hungary Portugal Greece Spain Slovenia	Italy
	high	Malta	Cyprus Poland Slovak Rep. Czech Rep.	Croatia Romania Bulgaria

*Alina Mungiu-Pippidi: The Good, the Bad and the Ugly: Controlling Corruption in the European Union*

Why is it important?

Corruption harms the EU as a whole by:
- reducing levels of investment,
- obstructing the fair operation of the Internal Market and
- having a negative impact on public finances.

The economic costs incurred by corruption in the EU are estimated to amount to around **EUR 120 billion** annually.
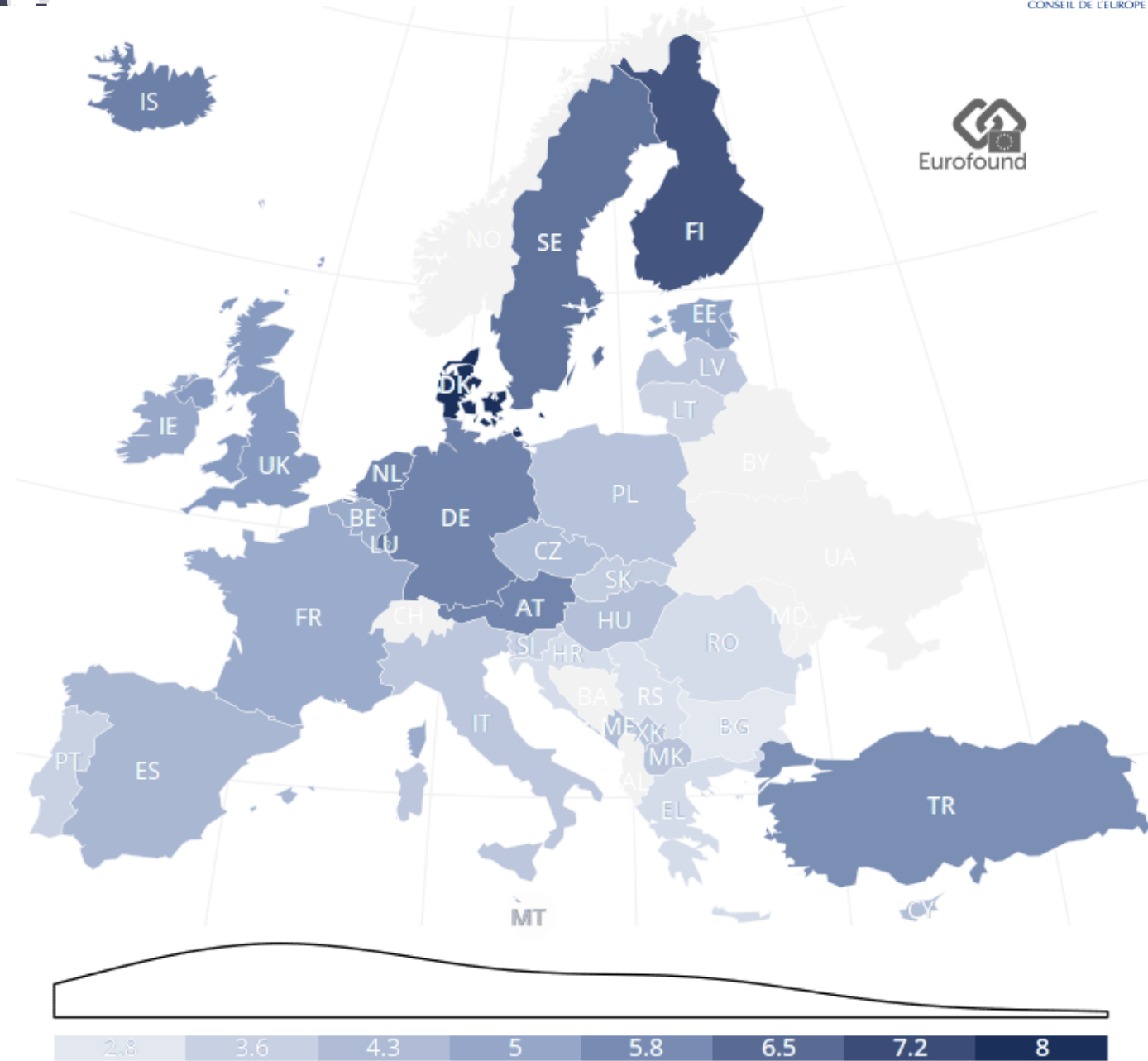

Figure 2. Corruption and projects spending[3]
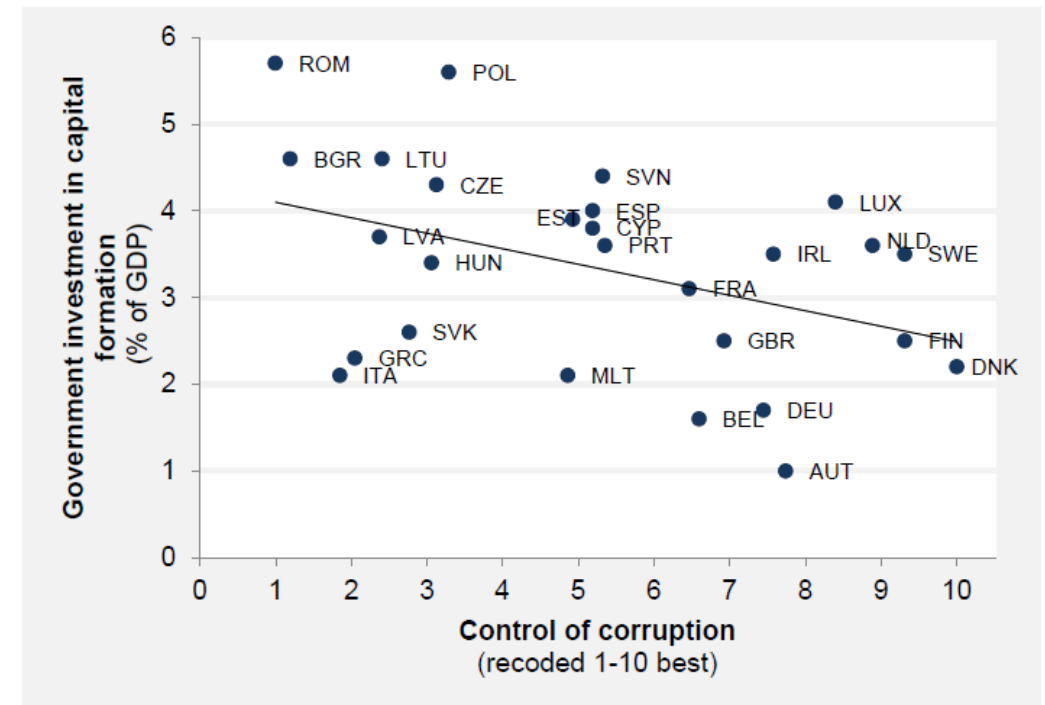
Data source: World Bank Database, Gross capital formation (% of GDP)
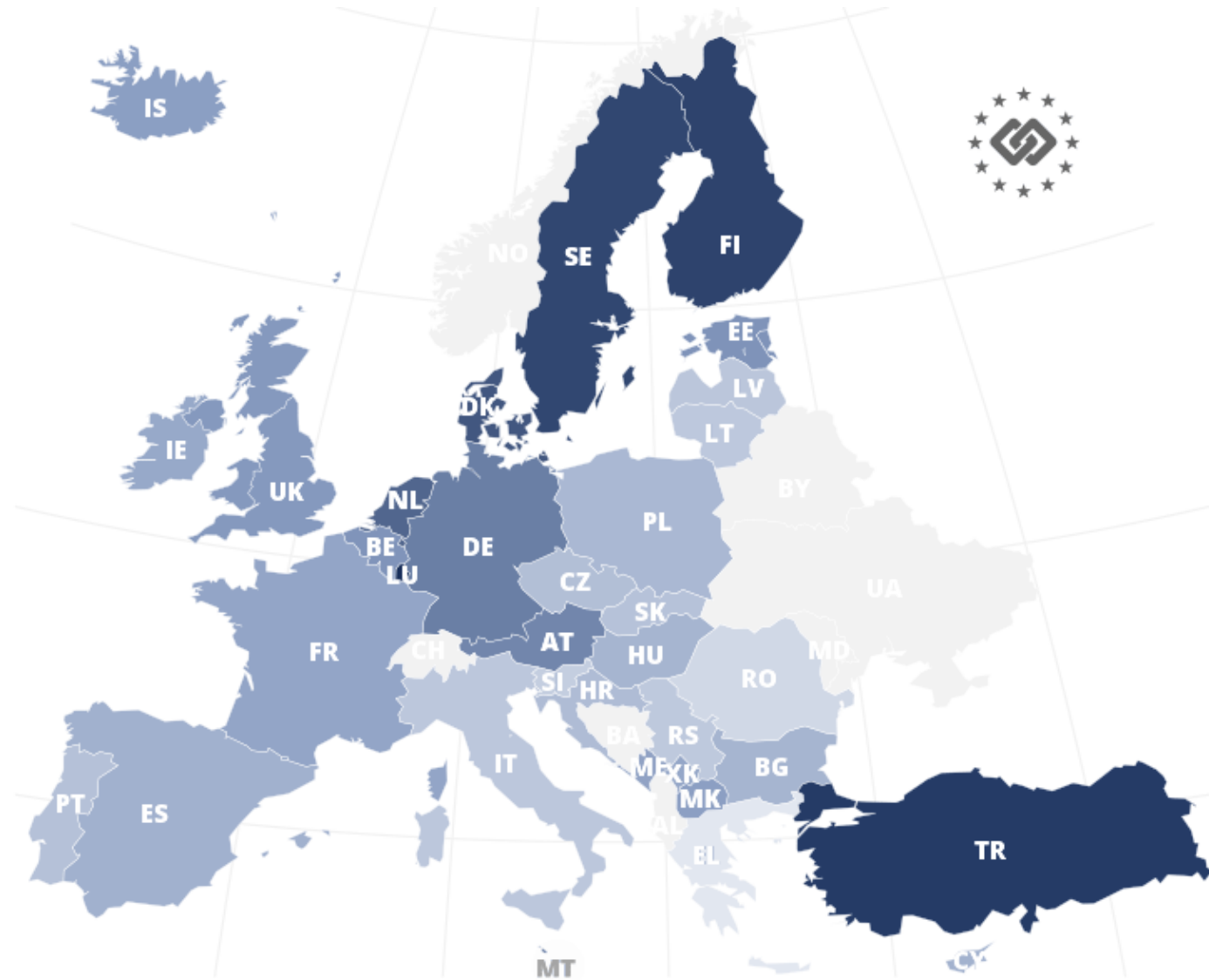
Why is it important?

Trust in legal system

European Quality of
Life survey, 2012

Why is it important?

Trust in central government

European Quality of Life survey, 2012

Why is it important?

Trust in local governments

European Quality of Life survey, 2012