



Per diem policy analysis toolkit

Taryn Vian
Lora Sabin

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Lora Sabin

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Contents

- 1. Introduction.....1**
- 2. Background.....3**
 - 2.1 Purpose and characteristics of per diems 3
 - 2.2 Overview of main types of abuse 4
 - 2.3 Overview of mitigating strategies..... 5
- 3. Overview of the toolkit7**
- 4. Tools for per diem policy and management analysis8**
 - 4.1 Tool 1. Types of per diem allowances 8
 - 4.1.1 Categories of allowances..... 8
 - 4.1.2 Levels of staff 11
 - 4.1.3 Other Categories 12
 - 4.1.4 Tips for data collection..... 12
 - 4.1.5 Interpreting and using the data 13
 - 4.2 Tool 2. Policy characteristics and control systems 13
 - 4.2.1 Policy characteristics 13
 - 4.2.2 Control systems and procedures..... 16
 - 4.2.3 Contextual factors 18
 - 4.2.4 Tips on collecting this information 19
 - 4.3 Tool 3. Per diem spending 20
 - 4.3.1 Indicators..... 20
 - 4.3.2 Data Needed 21
 - 4.4 Calculating Indicators 21
 - 4.5 Tool 4. Survey on attitudes and practices 22
 - 4.5.1 Survey components..... 22
 - 4.6 Tool 5: Planning for dissemination 25
 - 4.6.1 Research report..... 25
 - 4.6.2 Policy brief..... 26
 - 4.6.3 Press release and social media..... 26
 - 4.6.4 Dissemination tools: presentations, town meetings..... 26
 - 4.7 Tool 6: Further reading and resources 27
- Annex I: Sample table of indicators of per diem spending28**
- Annex II: Survey on attitudes and practices.....29**

Abstract

Most organizations use per diems as a way to reimburse out-of-pocket expenses for travel and to encourage staff to attend professional development activities. However, weaknesses in policy design and control of spending can cause problems, including distortions of human resource systems, fraud and abuse by staff. Governments and non-governmental organizations need to adopt and implement fair, transparent, and efficient policies which provide adequate compensation for work-related travel without creating adverse incentives. This toolkit proposes a methodology to study per diem policies of the health sector in a given country, in government, international, or non-governmental organizations. It presents tools designed to describe and analyse the different types of per diems, policy characteristics and control systems, per diem spending, and attitudes and perceptions of staff as a means for identifying corruption risks. Our goal is to help governments and collaborating development partners assess their specific problems, and begin to develop solutions. While the toolkit was designed for the health sector, it can also be applied to other sectors with little adaptation.

1. Introduction

Per diem is defined as “daily subsistence allowance intended to compensate employees of public and private organisations for extra expenses incurred when on work-related assignments or travel away from their normal duty station or home base” (Søreide, Tostensen, & Skage, 2012). Per diem rates are determined prospectively and payable according to set rules. Most organizations use per diems as a way to reimburse out-of-pocket expenses for meals, lodging, and incidentals, and to encourage staff to engage in professional development activities such as conferences and trainings.

In low-income settings, per diems are an increasingly important source of compensation for many workers (Chêne, 2009; Roenen, Ferrinho, Van Dormael, Conceicao, & Van Lerberghe, 1997). This may be due in part to difficulties in implementing structural reforms of pay systems. For example, policy makers may be reluctant to increase public salaries if they are uncertain that future revenues can maintain this level of spending. Instead, it may seem safer to supplement salaries with allowances such as per diems, which can easily be cut back if economic times get tough. A main concern with per diem spending is that per diem policies are often manipulated and abused by individuals to increase their compensation, or per diem-related decisions are made in ways that appear to favour some staff over others (Vian, Miller, Themba, & Bukuluki, 2012). Per diems and other allowances have been shown to distort human resource management systems by shifting the focus of work from routine tasks to workshop attendance and to tasks within specific programs for which per diems are available (Hanson, 2012). Higher level employees may even seek to maximize personal income by adding unnecessary workshops and travel to budgets, or by creating fake records of travel to defraud the system. These types of “gaming” the system and rent seeking behaviour are seen as inflating the cost of services (Policy Forum, 2009; Søreide et al., 2012).

We want to encourage the adoption and implementation of fair, transparent, and efficient policies which provide adequate compensation for truly work-related travel without creating adverse incentives and other distorting effects. This toolkit proposes a methodology to study per diem policies of the health sector in a given country, in government, international, or non-governmental organizations. Survey forms, interview guides, indicators, and suggested sources of data are some of the tools you will find here. These tools can be applied to help gather more data so that interested stakeholders can be better informed as they work together to improve policies. While the toolkit was designed for the health sector, in fact it could be applied to other sectors in a country with little adaptation. We encourage users of the toolkit to write to U4 tell us how it was used and whether the analysis had an impact. If possible, update may be issued based on any feedback received.¹

The toolkit is informed by a review of the literature on per diem policies, including two recent studies in particular. The first is a set of country studies examining the origins and consequences of per diem compensation conducted by Chr. Michelsen Institute (CMI) researchers in Tanzania, Ethiopia, and Malawi (Søreide et al., 2012). This study examined per diems through the broad lens of political economy analysis, looking at government institutions, power relationships, and stakeholders. The second source is a study of health staff perceptions of per diem abuse in Malawi and Uganda by the Boston University School of Public Health researchers, with support from the U4 Anti-Corruption Resource Centre (Vian, Miller, Themba, & Bukuluki, 2011; Vian et al., 2012). This study applied qualitative research methods to understand individual perspectives and organizational issues related to per diem abuses. We also draw on our professional experience working as advisors with governments, non-governmental organizations (NGOs), and donors on health policy and management in Africa and Asia.

¹ Write to u4results@cmi.no

The report is organized as follows. Section 2 provides background information on per diem policies, the risks for abuse and corruption and mitigating strategies. This section draws on key references listed at the end of the toolkit. Section 4 provides an overview of the toolkit, including a short description of each tool and its purpose. Finally, Section 4 presents the tools themselves.

As each tool is discussed, we suggest ways in which the data may be interpreted, and how each type of data helps to inform stakeholders about areas of risk and possible consequences of current per diem policies. We try to relate the data to reform directions and options. However, the toolkit is not meant to be prescriptive. Our goal is to provide tools through which governments and collaborating development partners can assess and evaluate their specific problems and issues, and begin to develop and own their solutions.

2. Background

2.1 Purpose and characteristics of per diems

Per diem policies in organizations serve two main purposes: to fund expenses which employees may incur for approved, work-related activities; and to encourage professional development through attendance at workshops, conferences and other training or staff development events. In addition, per diems are sometimes used informally to incentivize employees and increase job satisfaction, without having to permanently increase salaries (Vian 2009).

Reimbursing employees for work-related expenses has advantages and disadvantages. A U4 study which gathered data from 41 key staff in government and NGO organizations in Malawi and Uganda found that staff liked per diems because they facilitated getting work done, encouraged training which increased the knowledge base of organizations, and motivated staff to be more productive (Vian et al., 2012). Employees also perceived that per diems benefited them personally by providing additional revenue to pay household expenses and save for the future. At the same time, the U4 study identified disadvantages of per diems: informants expressed concern that per diems create conflict among staff and contribute to a negative culture where people expect to be paid for all work activities. Per diems also lead to changes in how work time is allocated in order to maximize time spent in per diem-earning activities. Some informants worried about the sustainability of health program strategies which rely on per diem spending, and complained that where policies are not implemented fairly, some employees benefit more than others (Vian et al., 2012).

Some government policies distinguish between two types of allowances based on whether they are remunerative or discretionary (Rubin, 2012; Søreide et al., 2012). Remunerative allowances are linked to a specific position, for example uniform allowance or housing allowance. Discretionary allowances, also called duty-enhancing allowances, are linked to specific duties such as traveling or attending a workshop outside of one's duty station. The discretionary allowances require managerial approval before the travel is permitted, and permission is dependent on the need for the travel, organizational priorities, and the operational plan and budget. The distinction between remunerative and discretionary allowances, while helpful in theory, is often blurred in practice and discretionary allowances can also be remunerative. For example, per diems in Ethiopia were perceived as a way to top up salaries and create extra benefits for employees (Søreide et al., 2012).

Per diem rates are established in advance to reduce the administrative burden of having to report on and reimburse actual expenses. This practice of standard rates provides an incentive for employees to minimize actual expenses, as they get to keep the difference between actual expenses and the standard per diem rate.

In some countries (e.g. Malawi and Tanzania) per diem rates are very high in relation to wages, while in others (Ethiopia), per diem rates are low in relation to average wages. Per diem spending in relation to total government budget may also vary (from 1.6% in Tanzania to 6% in Malawi) and in relation to total spending on wages and allowances (16.2% in Tanzania and 22% in Malawi) (Søreide et al., 2012).

Researchers have calculated several indicators which can be used to assess fairness or unfairness in the distribution of per diem spending, including the ratio between per diem rates earned by central versus local government employees (3:1 in Tanzania), and the ratio between rates earned by the highest paid versus the lowest paid employee (4:1 in Tanzania) (Søreide et al., 2012). Per diem rates that were four times greater for high-level employees than those paid to the lowest-level employees was seen as unfair, given that the stated purpose of per diems was to reimburse travel expenses and not to remunerate staff. The researchers argued that there should be no distinction between per diem rates for employees of different ranks (Søreide et al., 2012). While a country may decide it prefers to vary per diem rates

by location or cadre of employee, it is still important to compare the stated policy with empirical data, and to discuss the implications of such a policy. We have incorporated some of these indicators into our tool for assessing spending on per diems (Tool 3).

2.2 Overview of main types of abuse

Experts have identified many ways in which people can abuse per diems, as shown in Figure 1. Motivated by the desire to maximize opportunities to earn per diem and to increase the days and amounts gained, employees may distort work plans and strategies, conduct unnecessary field trips or attend training they do not need, or even commit fraud. The impact of these practices is excessive travel, budget losses, and corruption which increase costs and prevent organizations from reaching service goals in a timely way (Jack, 2009). Chronic abuse of per diems also results in decreased intrinsic motivation, where people seek to be paid for every task, and begins to change organizational culture so that these practices are tolerated and accepted (Grepin, 2009; Ridde, 2010; Vian, 2009).

Table 1

Motivation	Mechanism	Abuses
Increase opportunities to earn per diem	Favoritism and Patronage Planning and Budgeting System	<ul style="list-style-type: none"> • Giving opportunities to earn per diem to favoured employees, friends, and kin • Influencing plans and budgets to increase the use of per diem-friendly strategies such as travel and training • Planning meetings or activities in locations that require travel and per diem • Seeking out ways to attend trainings which are not necessary for one's work • Attending multiple workshops in one day, without staying for all of the sessions
Maximize days of per diem earned	Planning and Budgeting System Program Implementation Financial System	<ul style="list-style-type: none"> • Over-estimating days needed for tasks which earn per diem • Splitting trips or creating extra trips • Claiming per diem days which were budgeted, even if work is postponed or takes less time than planned • Handling per diem meant for another employee, and keeping some or all of it for oneself (e.g. driver's per diem) • Accepting payment from two or more sources for the same activity or travel
Divert budget for per diems	Financial System	<ul style="list-style-type: none"> • Using fake attendance lists or other documentation to justify spending which is really embezzled • Requiring kickbacks from staff who earn per diems

Vian, et al. (2012, 2011) documented ways in which policies are manipulated to maximize financial gain, including by slowing work, scheduling unnecessary trainings, and exaggerating time needed for certain tasks. Other types of abuse included receiving per diem from two sources for the same activity (double-pay), falsifying participant lists at training, taking per diems meant for other staff, and not refunding per diem which was not fully spent.

Søreide, et al. (2012) assessed the impact of per diem systems on development programmes, national budgets, and employee incentives. The researchers noted common types of abuses including double-dipping, organizing workshops in an opportunistic manner, using opportunities to earn duty allowances as a way to buy loyalty, and general tolerance of corruption. We have used this information to develop questions on attitudes for the survey tool (Tool 4).

Context is critical to understanding the nature of problems with per diems (i.e. the type and scope of abuse, waste or inequalities), and roots of the problem and possible solutions. Important contextual factors include salary rates, aid dependence, inflation, and whether allowances are considered taxable income, as described below:

- **Salaries.** Low salaries can be a driver or motivator for people to abuse per diems. In countries like the U.S., where daily salary rates are higher than per diem payments, the small amounts that can be earned by manipulating per diems may not provide adequate incentive to engage in abuse (although some abuses do occur). However, in countries where the per diem rate may be 2 to 9 times the average daily salary, low salary is more likely to be a motivating factor for abuse. Some experts suggest that low wages may be used as an excuse to defend abuse.²
- **Aid dependence.** Countries such as Tanzania, where one-third of the recurrent budget is funded by contributions from over 40 donors, or Ethiopia with 50 donors, face particular challenges aligning donor and government per diem policies (Søreide, Tostensen et al. 2012; Rubin 2012). In a very aid dependent country, there could be more intense competition among donors to get government officials to attend their meetings and trainings, which can drive up per diem rates.
- **Inflation.** Inflation is an important contextual factor in countries such as Ethiopia, where per diem rates have not kept up with the rising cost of accommodation and meals. In this context, abusive practices such as exaggerating days of travel (claiming 10 days when only 5 were actually spent in the field) may appear to be justified, since the per diem rates are too low to cover true costs. This could erode rule-following behaviour in general.
- **Taxation.** In many countries, per diem income from both donors and government is not taxed, which makes it more attractive and therefore vulnerable to abuse (Søreide, Tostensen et al. 2012).

2.3 Overview of mitigating strategies

Strategies to reduce abuse of per diems focus on increasing controls and enforcement, while also decreasing opportunities and pressures to abuse per diems. Mitigating strategies must be considered in light of existing institutions and power relationships, i.e. a full understanding of the political economy. Some strategies would be possible to apply within the health sector alone, while others would be whole-of-government approaches. Strategies to consider include:

- **Reducing pressures:** Moving some part of current allowance spending to salary support; standardizing rates (among different organizations); changing timing of payment (not giving all the per diem allowance in advance); or pre-paying accommodation.
- **Controlling discretion:** Eliminating discretionary allowances (adding a pre-determined amount to salaries instead); requiring recipient signatures; separating tasks of budgeting for and spending allowances; increasing supervision and audit functions; developing online payment systems. At the macro level, it is important to introduce or enhance existing checks and balances in institutions, for example through capacity strengthening of an independent national audit office.

² Tina Søreide, personal communication, October 7, 2012.

- **Increasing transparency:** Making sure that staff are informed of policies; disseminating information about planned and actual spending on allowances, and on work plans. Transparency strategies should try to increase the ability of people at lower levels of the system to “see” how decisions are being made at higher levels, and should allow people outside the organization to see inside. Transparency in rates could be improved by having just one rate for all cadres of worker, as some experts have recommended.
- **Increasing accountability:** Creating performance indicators (e.g. average spending on per diem per employee); requiring back to office reports or training reports. Accountability is also enhanced by support given to assure a free press which is able to investigate and reveal abuses or risks for abuse.
- **Strengthening detection and enforcement:** Creating complaint mechanisms; strengthening systems for tracking abusers and types of abuses; reducing barriers to punishing employees for abuse. As mentioned earlier, strengthening of an independent national audit office can provide checks and balances, helping to deter abuses within the health sector.
- **Developing leaders:** Designing selection and promotion criteria and procedures to encourage moral leadership. Providing recognition to leaders and managers who reduce abuses and address complaints effectively.

3. Overview of the toolkit

This toolkit provides templates and instructions to enable donors, health sector experts, and NGOs to document current spending on per diems, policies guiding per diem administration, and attitudes and practices related to per diem manipulation and abuse. We also include guidance for data collection and analysis. Together, the tools are intended to identify how the current policies may be vulnerable to abuse. This information can serve as a guide for designing context-specific remedial strategies aimed at improving transparency, perceived fairness, detection of abuse, and appropriate sanctions. The main areas covered include:

Types of per diem allowances

This tool provides guidance on how to categorize and summarize different types of per diem allowances. This helps facilitate comparisons across agencies/NGOs and regional areas/countries.

Policy characteristics and control systems

The second tool provides guidance on how to describe and analyse per diem policies and control systems. Key characteristics of policies are identified, including the rate-setting process, rate variation, what per diems should cover, how advances are handled, control procedures, and roles of different institutions. We also suggest contextual information that may help illuminate the policy process and drivers of current practices related to manipulation or abuse.

Per diem spending

The third tool includes indicators and guidance for budget analysis to determine and compare levels of spending on per diems. Although data required for ratios (i.e. total wages, per capita GDP, etc.) are time and country specific, we have provided suggestions for how to find the figures.

Survey on attitudes and practices as a means for corruption risk identification

The fourth tool is a survey instrument to illustrate how to conduct a sample survey of workers to assess attitudes and practices related to per diems. Including both quantitative and qualitative questions, this survey measures knowledge of and satisfaction with current policies, perception of risk, and experience with per diems. It also attempts to gather data on per diem income compared to salary. These data may be used to set priorities for how to deal with risks of abuse, and to determine a baseline against which to measure reforms.

Guidance for dissemination and policy dialogue

The first four tools deal with data collection and analysis. This fifth tool provides suggestions for ways to develop reform strategies grounded in evidence in a particular country context, and to assure reforms address the roles and contributions of NGOs and development partners as well as government institutions.

Further reading and resources

The last tool provides a list of published and unpublished sources for further information on per diem policy research.

4. Tools for per diem policy and management analysis

4.1 Tool 1. Types of per diem allowances

Policy analysis related to per diem management requires consistent use of terminology and comprehensive information. This tool reviews the different types of per diems and suggests ways to categorize them. The information can be used to collect data on per diem policy details and procedures (Tool 2) and to summarize spending on per diems (Tool 3).

Per diem is a type of daily allowance which may be paid to employees who take part in work-related activities outside of their duty station, such as travel to attend meetings, engage in supervision, or participate in training. The per diem is meant to compensate employees for the extra expenses incurred while undertaking these work-related activities.

Per diem rates are generally set in advance. This is because it would require a lot of time and effort to document, review, and account for actual expenditures of the many employees who incur work-related expenses during travel. Instead, many organizations develop daily allowance rates, determined prospectively, to cover subsistence costs such as lodging, meals and incidentals. In theory, the daily per diem rate should be set slightly above the expected average cost for a day of travel, to make sure that actual expenses are covered.

Søreide, Tostensen and Skage (2012) distinguish between remunerative allowances, and “duty-enhancing” allowances. Remunerative allowances are an entitlement of employment contract, often used to make a post more attractive (e.g. housing allowance, hardship post allowance). Duty-enhancing allowances are distinguished by the fact that the allowance is not an entitlement of employment, but depends on the discretion of the manager (e.g. per diem, night differential paid to hospital staff who work night shifts). While the manager must respect the duty-enhancing allowance rate established by organizational policy, it is up to the manager to approve work-related activities by which the employee can earn the allowance. Regarding per diem, it is the manager who decides which staff can travel and for how long. Management discretion is an important part of the risk of abuse inherent in allowances.

Below is a list of common types of allowances. This tool is useful for researchers to gain an overview of which organizations provide which types of allowances, and how they define them. Not all countries or organizations will have all types of allowances. Different terms may be used, so it is important to understand how allowances are labelled in the organization being studied.

Our focus is on daily allowances which are related to travel, meetings, and workshops, including per diem and transportation. These allowances are often given more frequently and may be more vulnerable to abuse. The other types of allowances are included to provide a comprehensive list. Later in the toolkit we will discuss how to evaluate the magnitude of per diem spending in comparison with other employment allowances. This list might be helpful in reviewing budget figures to establish the total spending on allowances.

4.1.1 Categories of allowances

The list below was developed using the model of allowances from the Government of Uganda, with modifications to include other possible headings and alternative categorizations.

Per diem, also called “night allowance,” “daily subsistence allowance,” or “field allowance”

This is the amount paid for travel outside one’s duty station which involves an overnight stay. Reasons for travel may include attending a workshop or conference, or conducting supervision. This is typically meant to be a duty-enhancing allowance.

- The rate may be divided by type of expenditure, the most common of which are accommodation, meals, and incidentals (i.e. personal phone calls, laundry, newspaper, tips, etc.). Work-related travel and work-related telephone calls are often reimbursed separately from per diem.
- If accommodation or meals are pre-paid, a percentage may be deducted from the per diem rate. This is sometimes the case with workshops or travel to large urban areas, where the organization may be able to arrange billing with a preferred hotel.
- In some situations, an organization may be allowed to pay per diem to individuals attending a workshop or meeting within duty station. The per diem policy should be reviewed to determine if this is allowed.

Safari day allowance (SDA)

This is the amount paid for travel when an employee travels on duty and returns to duty station the same day. This is typically meant to be a duty-enhancing allowance.

- Minimum duration of travel may be specified (i.e. at least 6 hours)

Sitting allowance

This refers to the amount paid for a public or non-public officer who is appointed to “sit” on a commission, committee, or interviewing panel. It is usually given per meeting. It is meant to be a duty-enhancing allowance. There may be alternative applications of this allowance; for example, in some countries, this term may be used to refer to per diems paid for any employee attending a meeting or a workshop.

Lunch or dinner allowance

This is the amount paid for work during lunch time or dinner time, whether within or outside duty station. For example, the government of Uganda pays a lunch and dinner allowance to nurses who are required to be at their post during dinner time. If a Ugandan worker already is receiving SDA for travel, she or he is not entitled to lunch or dinner allowance. It is meant to be a duty-enhancing allowance.

- Usually approved in advance. This is provided to staff who are required to work through their lunch/dinner hour.

Transportation reimbursement

This is typically paid to staff to reimburse expenses incurred (e.g. fuel, bus) for work-related travel. It is included as an allowance because it is sometimes paid as a fixed sum based on the average estimate of travel expenses, although it may also be reimbursed based on actual receipts. It is not intended to cover the expense of going from home to office (see Transport Allowance, under Other category).

Other allowances

Depending on the country or organization, there may be other allowance categories, such as those below. Not all organizations will use all categories, and some organizations may have other categories for allowances.

- **Honoraria:** This is an amount paid to staff assigned work of great importance to government and involving added responsibilities. For example, the Government of Uganda allows the payment of honoraria to government staff who are assigned work outside the normal scope of the Officer's duties, involving a disproportionate amount of official and private time, additional responsibilities, and "direct use of the officer's special talent or professional skill". The honoraria is based on days worked and is a proportion of salary. It is payable only on completion of the work product. Honoraria may be accounted for as a salary expense (with the detail in the payroll system), or as an allowance.
- **Overtime (also called "locum"):** Overtime is paid to compensate clinical staff who work extra hours, often to cover for shortages of staff. Similar to honoraria, overtime may be recorded as salary expense, or as a separate allowance line item.
- **Transport allowance:** This allowance is a set amount paid to officers to cover the expense of travelling from home to office. Not all employees will be entitled to transport allowance. Where this allowance is provided, it is a remunerative allowance. It is separate from transportation reimbursement for special travel to attend off-site work-related activities, considered earlier.
- **Training or facilitation allowance:** Training allowances include a professional fee paid to an employee for presenting paper or for acting as an external examiner or grader, a fee paid to a part-time lecturer, or an amount given to pay for books required for an approved educational activity. In some countries the allowance category "Honoraria" may include training or facilitation allowances.
- **Other allowances** may include air time for cell phones; hardship pay; expenses of funerals, housing, medical care, outbreak response work, security, and coverage of a range of costs associated with assignment overseas or to another post, such as relocation/baggage, transit (for time in airports in transit), warm clothing, and children's school fees. These allowances are generally not daily allowances, and many are exceptional or not common (e.g. warm clothing allowance). We do not present tools to specifically analyse these per diems, but recommend that you try to determine if the organization has them, and whether anyone is concerned about abusive practices related to them.

For the analysis of per diem spending (Tool 3), we are generally interested only in categories 1-2, i.e. daily subsistence allowance (per diems) and safari day allowances. However, depending on the setting, other types of allowances may be subject to abuse and therefore worth tracking, for example, sitting fees. Table 1.1 below can help organize information as you try to distinguish the types of per diem-related duty-enhancing daily subsistence allowances in your area or organization.

Table 2 considers whether or not the allowance is included in the personnel (salaries and wages) major line item heading of the budget. Some allowances might not be considered a personnel expense. For example, per diem for a workshop might be considered under a "Training" line item, and transportation allowance might be considered under a "Travel" line item. We will come back to this information later in the toolkit, when we calculate indicators of per diem spending.

Table 2: Worksheet to record alternative names for daily subsistence allowances, and how they appear in budgeting and accounting systems

	Per diem (daily subsistence allowance for overnight)	Safari allowance (daily subsistence allowance without overnight)	Other duty-enhancing daily subsistence allowance
Alternative name(s) used (e.g. "night allowance")	(write name here)	(write name here)	(write name here)
Included in Personnel line item heading? (circle response)	Yes No	Yes No	Yes No
If not included in Personnel line item, specify line item where this expense appears in budget (e.g. travel & transport, training, etc.)			

4.1.2 Levels of staff

In the public sector, per diem rates are often distinguished by salary level or cadre. Generally, higher level personnel are entitled to higher per diem rates. Salary structures can be complicated and very detailed. For example, Uganda has 5 salary schedules (e.g. political leaders, non-political leaders, primary school teachers, medical workers, and legal professionals), 16 salary scales (e.g. U1, U1S, U1SE, U2, etc.), and 100 salary designations (e.g. Minister of State, Senior Medical Officer, Entry level Teacher, Entry Medical Worker, etc.) for payroll. In Malawi, daily subsistence allowance rates are set for seven different levels of salary grades (Søreide, et al. 2012; 45).

It is helpful to analyse how per diems vary by level of staff, and in comparison with salaries. Too much detail can complicate the analysis, so it is helpful to create levels for comparison. It is a good idea to retain detail on how the levels were created, for future reference. Be sure to clearly indicate where key health personnel fit in the staff levels. For example, in a comparison of per diem rates and salary information in Uganda, researchers created the five categories of staff shown below. The original mapping also included the specific civil service salary scale identification numbers, which would help Ugandan policy makers interpret and use these staff categories.

- 1) Political Leaders (includes Prime Minister, Presidential Advisors, Ministers)
- 2) Permanent Secretary level (includes Permanent Secretary, Head of Public Service, Director, Commissioner, Deputy Commissioner)
- 3) High-level Officers (Principal Medical Officer, Senior Medical Officer)

- 4) Mid-level Officers (Nurses, Laboratory Technicians, Teachers, Police constable)
- 5) Low-level Staff (Nurse Assistants, Drivers, Non-formal Education Teacher)

4.1.3 Other categories

Per diem data also may vary by location or area of the country; for example, in Tanzania, higher rates are allowed for government travel to cities, medium-level rates for regional or district-level towns, and even lower rates for travel to “other areas” (Søreide, et al. 2012; 19). It is important to discuss with the research team how much detail is needed when collecting data and presenting tables of rates.

4.1.4 Tips for data collection

Be aware that information on per diems may be very difficult to obtain. Public offices may not want to share information, even if it is supposed to be publicly available. It may be helpful to rely on informal relationships and collaborating organizations to obtain data.

In the government sector, different offices may be involved in regulating per diems. The sources of data on per diems for public administration in general are also relevant for an analysis of per diems in the health sector, as government policies generally apply to all public sector institutions. For example:

- In Tanzania, categories of allowances are defined in the Public Service Management Department in the President’s Office
- In Malawi, categories are defined by the Human Resources Management and Development Department in the Office of the President and Cabinet
- In Ethiopia, policies on per diems are set by the Council of Ministers
- In Uganda, data on per diem categories and rates are found in the Ministry of Public Service.

It is appropriate to ask whether donor support for health system strengthening (HSS), and all vertical program funds that are provided by donors but managed through government accounting systems are required to follow government per diem policies. If not, then additional policies governing these funds should be sought.

Researchers may wish to contact:

- the Personnel, Finance or Planning office within the Ministry of Health
- the Administration office of specific donors responsible for HSS support, including the United Nations, major bilateral donors, and projects funded by global finance institutions such as the World Bank, Global Fund to Fight AIDS, TB and Malaria, or the Gates Foundation
- the Administration office of international and local NGOs operating in the health sector

4.1.5 Interpreting and using the data

This tool is mainly used to collect descriptive information. The main use of the data is to help make sure everyone involved has a common understanding of the policies, and to assess the completeness, coherence, and transparency of the policies.

When assessing data from different organizations (e.g. an international organization versus government agency), try to identify consistencies or differences. Does one organization allow per diem to be paid within a duty station, but another explicitly prohibits this? Does one organization allow a daily allowance if travel exceeds 6 hours, whereas another has a limit of 8 hours?

Inconsistencies in policies are to be expected and are not necessarily bad. But if people do not understand the policies, they may assume they are more consistent than they really are. Also, if one organization has policies which are perceived to be more favourable to workers (e.g. the allowance is earned after 6 hours of travel instead of 8 hours), it may cause people to change work habits to favour the trainings and meetings offered by the organization with the “better” policies.

If it was very hard to gather data from a certain organization (e.g. a government office claims that the data are not “public”), if the policies are not up-to-date (e.g. you are told that rates have changed, but the policy does not include the updated information), or if the policies are not available in writing for any employee to see, this is a sign that transparency is lacking.

4.2 Tool 2. Policy characteristics and control systems

This part of the toolkit provides a standardized method for collecting and describing information on travel and per diem policies and control systems of public and private organizations active in the health sector within a country. The purpose of this information is to help you understand how policies vary between different types of organizations (government agencies, NGOs, etc.). Rubin (2012) observed during her study of per diem policies in Tanzania, that many times donors would state that they follow government per diem policies, but did not. Or they would state they did not provide certain allowances, but upon further questioning it turned out that they did. She concluded that:

an important step towards more coherent and harmonized policies and practices across [development partners] is actually an internal exercise for each [partner]. There needs to be a common understanding, on all levels within the agency, about what allowances are, as well as of own policies and goals within each agency. (p. 14)

This tool can help development partners to come to this common understanding. It is a critical first step before analysing the weaknesses of current policies.

Below is a list of policy characteristics you should seek to document, with “key issues to clarify” for guidance on items about which you should be clear. Unfortunately, the regulations governing per diems are often spread out in different circulars and standing orders (Rubin 2012). The list is therefore followed by tips on obtaining this information.

4.2.1 Policy characteristics

Policies on per diems generally should include definitions of allowable travel or work-related activities eligible for per diem, per diem rates, policies on advances, policies on who is allowed to approve per diem disbursement, and specifics on how per diems for workshops are handled. A description of current policies can help all policy makers understand the components of current policies, and where there may be ambiguity or unclear guidance. The following should be done for large organizations which may be spending significant amounts on per diems.

- Government agencies
- Other organizations

This category includes private organizations that fund and implement programs; for example: international organizations such as the UN; funders such as bilateral donors (e.g. USAID, PEPFAR, NORAD, GIZ) foundations (e.g. Gates Foundation), or global funding mechanisms (e.g. Global Fund); and implementing agencies such as an international NGO which has contracted with a donor to implement a project

Definitions of allowable travel (for workshops, conferences, meetings, etc.)

- Key issues to clarify:
 - Does the policy clearly define situations when travel is allowable? Better policies include clear definitions of allowable types of travel and specific allowable expenses which may be reimbursed by the per diem. Weaker policies may use vague terms such as “travel-related spending” without defining what is included. It should be clear what expenses are meant to be paid by the per diem, and what can be separately reimbursed. For example, personal calls may be considered part of the “incidentals” portion of the per diem. But an employee may also be entitled to a phone card or reimbursement for work-related phone calls separately, so clarity on these expenses is important
 - Are there restrictions on travel for which per diems are provided?

A better policy has some restrictions on travel, a weaker policy will not specify restrictions, and may suggest to personnel that per diems are an acceptable way to supplement staff income. Researchers should try to ascertain whether the system is attempting to limit or control spending on per diems by stating restrictions. For example, are there:

 - Limits on number of days staff may travel per time period (i.e. maximum travel days per month or annum), or restrictions on the type of hotel or transport used?
 - Geographical limits on where civil servants may travel (within home city, district, state, etc.)?

Per diem rates, by staff rank or position

- A good policy will clearly define the components of per diems, specify the required documentation, and make it clear how the rates vary. These definitions are important components of transparency, so that workers are able to anticipate the documentation needed and to manage their travel within the per diem rates. Key issues to clarify:
 - Are the components of per diems clear and separately calculated? (e.g. accommodation, meals, transport, incidentals)
- Is some documentation of travel (e.g. hotel receipt) required? Some policies offer a maximum per diem but only reimburse the actual amount paid to hotel. A good policy will explicitly state this.
- Do per diem rates vary by level of staff or salary grade (e.g. by the categories you have identified in Part 1 of the toolkit)? Some experts do not recommend having rates that vary by staff level or salary grade, since the expenses of travel should not really be different depending on your grade. It is important to document current practices so that policies of different organizations can be compared and the benefits and drawbacks of varying rates can be discussed.
 - Category 1

- Category 2
- Category 3, etc.
- Do per diem rates vary by geographic location within the country? Or for travel abroad to different destinations? A good policy will account for differences in the cost of travel to different areas.

Policies on per diem advances provided to staff

Some organizations allow individuals to request an advance of per diem based on expected travel. This can create vulnerabilities for abuse if the person curtails travel after having received the advance, or if policies on accounting for advances are unclear or loose. A good policy is transparent in terms of whether advances are allowable, any restrictions on advances (reasons an advance might be denied), and documentation.

Key issues to clarify:

- Can staff receive per diems in advance of travel?
- Are there restrictions regarding who may receive advances (e.g. rural residents traveling to urban areas) or certain types of travel for which advances are permitted?
- If advances are permitted, what documentation is required in the request?
- What steps are taken to assure that travel has actually taken place (i.e. boarding passes to verify dates). See also section 4.2.2., below, on Controls.

Policies on who decides or approves travel and per diems

Point 2.1.1, above, defined allowable travel or activities through which per diem can be earned in general. It is also important to ask questions about the specific process through which decisions are made about who gets to travel and whether a request will be approved. A good policy will have clear criteria for approving travel requests and a transparent process for approval. A good policy will also have procedures to assure that the budget development process has adequate controls to prevent padding with unnecessary per diem spending.

Key issues to clarify:

- Are there clear criteria on who is permitted to travel and receive per diems?
- How transparent is the system of approvals? A transparent system would have a way to inform people about the process for requesting approval, the criteria by which decisions are made, and the results of past decisions (i.e. when and why travel requests are approved or disallowed).
- Do officials who approve travel and per diems have to provide explanations or justifications for approved travel to higher-level staff? This question examines the level of bureaucracy or hierarchical control (review and oversight by people higher in the system) involved in the per diem system.

Policies on workshops and per diems

Sometimes organizations have different policies or procedures for per diems given during workshops. Workshops hosted by the organization pose specific circumstances: there may be a need to provide per diem payments in cash at a remote location, posing some risks. A financial officer may need to take a cash advance to make these payments, and the processing of this type of advance may require additional paperwork. In addition, verification of recipients of per diem is somewhat different, since workshop participants may not be employees of the organization. Workshop per diem policies and procedures may also need to account for different donor requirements if the workshop is funded by an

external source. Good policies have detailed procedures for the dissemination of per diems given at workshops. They also have adequately controlled cash management procedures. After collecting the documentation in this section, the policy should be reviewed by an expert accountant (outside the system) to assess whether cash management procedures provide adequate control.

Key issues to clarify:

- What are the policies for holding workshops and providing per diems?
- What are the processes for cash management and payment of per diems?

4.2.2 Control systems and procedures

Control systems tell you how an organization is attempting to assure that per diems are limited systematically and how abuses will be handled. Control systems should ensure that per diem payments are used for their intended purpose. Procedures should assure transparency in the approval and disbursement processes, through the dissemination of written policies among staff, communication of the criteria by which decisions are made to approve spending, and reports of past decisions and spending on per diems.

Some areas to be understood include the types of procedures in place for approval of spending and to minimize over-spending, how the health organization relates to other agencies (for example, some control procedures might be performed by financial officers working for the District Administrator or the Ministry of Finance, and verification or other checks might be conducted by the Inspector General's office). This section also asks about internal and external audit procedures, and any external watch dog organizations.

An organization is more vulnerable to abuse of per diems if it lacks control procedures, or if the controls are not well communicated or understood by the actors involved. In addition, this section includes questions about detection and enforcement: are the controls successful in catching people who are not following the rules or who are abusing the system? How are transgressions handled? A well-functioning per diem system will show evidence of enforcing the rules.

In addition to assessing the procedures in place, it is also important to evaluate the transparency of the control system: how are policies communicated to staff? How easy is it to find out the results of control activities? Both the control process and its outcomes should be clear to people within and outside the system.

An expert accountant may be helpful in assessing the completeness and adequacy of control procedures. It may also be helpful to review past audit reports which may have findings related to the control procedures, if the organization is willing to share them.

4.2.2 should be done for:

- Government agencies
- Other organizations

This category includes private organizations that fund and implement programs; for example: international organizations such as the UN; funders such as bilateral donors (e.g. USAID, NORAD); foundations (e.g. Gates Foundation); and implementing agencies such as international NGOs which have contracted with donors to implement projects.

Formal controls on travel and per diems

Key things to clarify:

- What controls have been formally established?
 - Needed approvals. If a request for per diem is submitted by an employee, who must approve the request before it is paid?
 - Budget checks. Is there a procedure established whereby an official will check to assure that the organization's budget has adequate funds, before a per diem request is approved?
 - Controls on double payments of per diems (e.g. from donor and government). Are there any procedures in place to prevent a person from receiving per diem from two places at once, for the same travel? For example, is it possible for a staff member to attend a training workshop, receive per diem from a donor, and also request and receive funding from the government for attending the same workshop?
 - Ex post controls. Are receipts, proof of attendance, etc. required, including where per diems have been paid in advance.
- Which agencies are involved? For example, in a health district, are the needed approvals, budget checks, and other controls required by staff from the district health office? Or are some controls performed by the Ministry of Finance, the District Administrator's office, or the Office of the Inspector General?
- For each agency involved in control procedures related to per diems, define the specific responsibilities regarding control of per diem payments.
- Who is the controlling officer or staff member, e.g. who authorizes travel, decides which allowances may be provided? If there is no controlling officer identified, the system is more vulnerable to abuse. The person authorized should have a good understanding of the policies, and should be perceived as fair and impartial.
- Are there systematic or formal controls to ascertain whether seminars and trips are required for job performance?
- Are existing controls enforced? If so, how? Are results of enforcement of abuse communicated to staff?

Internal audit units

Key issues to clarify:

- Has an internal audit unit been identified with a role in controlling per diems? What is the name of the unit and where does it sit?
- What are the unit's specific responsibilities regarding control of per diem payments? For example, does it review documentation to be sure appropriate signatures have approved spending? Does it contact staff to check whether they have actually received the per diem they reportedly received? The goal is to see whether the controls are adequate to detect abuses which people may mention in the survey (Tool 4) as being important.
- Is the role (or the decisions) of the internal audit unit enforced? In some cases, an organization can have a robust internal audit unit, yet the management structure does nothing with the results. If this is the case, then adding more control procedures is unlikely to have added value in reducing risk of abuse. Instead, ask why the audit findings are not enforced. Is it that management lacks tools or authority to make changes? Or do managers feel that this is not a priority? This information can help to target recommendations for improvement.

External audit units

Key issues to clarify:

- Is there an external audit unit (or more than one unit) with a role in controlling per diems? (e.g. supreme audit institution, private audit firm, etc.)
- What are the unit's specific responsibilities regarding control of per diem payments?
- Is the role (or decisions) of the external audit unit enforced? How?

"Watchdog" organisations

Key issues to clarify:

- Are agencies requested to publish information on their per diem policies and spending, and/or to provide access to this information on request?
- Are there any 'watchdogs' such as mass media and civil society organisations that help hold the government to account?
 - If yes, obtain their reports. For example, in Tanzania, local civil society organizations *Sikika*, and *Policy Forum*, have analysed per diem expenditures and per diem policy implementation (see for example Policy Forum 2009).

Punishments for breaking the rules

Key issues to clarify:

- Are there rules on disciplining people who break the rules on per diems?
- Is there any experience with people breaking the rules and being disciplined?
- Are results of case detection and punishment made public in the organization?

4.2.3 Contextual factors

Characteristics of the economy that may encourage high per diem payments

- Are wages for civil servants chronically low?
 - Do staff complain about their wages?
 - Are public salaries comparable to private sector salaries, much higher or lower? Does this relation differ across health professionals (e.g. doctors being better paid than in private sector while nurses are not)?
 - Has inflation outstripped wage increases in recent years?
- Have recent developments put pressure on use of per diems (e.g. rising unemployment, inflation, other economic crises or signs of unrest)? These characteristics encourage high level officials or staff to allow/approve per diems in order to increase wages for civil servants and staff.
- How frequently are per diem rates updated? Infrequent updating of lists can be a problem in inflationary economies.
- When was the last time per diem rates were updated?

Other contextual factors to consider

- How easy is it to obtain information on per diems?

- Have there been attempts to control per diems in the past? For example, in Tanzania the Controller and the Auditor General's Office noted that per diem spending is excessive and drew attention to this issue so that the executive and legislative branches of government could make more informed decisions on public resource management. This is a sign that some government stakeholders believe this issue is important and could use additional information on the topic. Another issue to explore is whether development partners have made concerted efforts to coordinate policies or control spending on per diems. Looking in the past 3-5 years should be sufficient.
- Are there reports in the media of excessive use or abuse of per diems?
- Is there pressure to harmonize rates across donors and government, or across different donors? If NGOs actually finance per diems themselves (rather than spending donor or government money under sub-contract), then it may be important to examine any efforts at harmonization among NGOs as well.

4.2.4 Tips on collecting this information

For government rules and regulations:

- In most countries, there is one government office that prepares all the documents that contain the rules and regulations on travel and per diems for civil servants. It may be the Ministry of Finance, or it may be the President's Office. Sometimes, countries provide these documents on a government website. These documents are almost always public and available, but sometimes obtaining them can take persistence. You should be prepared to visit government and organization offices to obtain the documents.
- If you are speaking to an official or staff person and he/she mentions a rule or a policy, ask for the document. You can ask: "is that written down somewhere?" and "can I have a copy?" You can offer to make a copy yourself. You can also take a photo (using cell phone or camera) of a document that is impossible to copy.
- If you cannot obtain or look at the document itself, ask for the circular number, policy number, etc. Ask where you might be able to find the document. Be sure to write down all information that may help you track down the document.
- For government rules, you want national level policies. However, many countries have rules and policies at lower levels, so you will probably also want at least one lower-level (province, state, or district) set of rules or policies.
- You should also confirm whether different ministries (i.e. health versus education or finance) use different rules since often certain rules and policies vary across ministries and departments

For international organizations:

- Many documents are available on United Nations (UN) websites. Policies of bilateral donors, and global funding mechanisms or international finance organizations may need to be obtained through their administrative offices.

For non-government organizations

For non-governmental organizations, you do not need to be exhaustive in covering all NGO policies. Instead, strive to obtain one or more illustrative examples.

Once you have the documents, it is best if you can confirm that you have the latest version. Thus, when you speak to a government official or an agency staff person, ask them to confirm that the document you have is the latest version.

4.3 Tool 3. Per diem spending

An important aspect of per diem payments is the amount of budget allocated to per diems, and how this spending compares to other investments. This component sets out indicators of per diem spending and specifies the data needed to calculate the indicators. This information can be used to: i) help determine a baseline against which current policies can be evaluated, ii) measure reform progress, and iii) make international comparisons.

The analysis is done at the national level, because many of these indicators are only available at the national level. The data are still useful to quantify the situation generally. If data exist, the analysis could also be undertaken at the level of the health sector, but this depends on how health sector spending is accumulated and reported. If spending is decentralized, it may be harder to conduct a sector-specific analysis.

Please remember that per diems are defined as prospectively-determined daily subsistence allowance for approved travel within or outside of duty area (see Tool 1 for details).

4.3.1 Indicators

Indicators are for government. These could be adapted to other organizations, as well.

Indicator 1: Per diem spending as percentage of total wage bill (payroll + allowances)

As this analysis has not been conducted in many countries, it is hard to benchmark. According to one study, per diem spending in Tanzania was 16% of total wage bill, and 22% in Malawi (Søreide, et al. 2012)

Indicator 2: Per diem as percentage of all allowances

Divide all allowances into two types, “duty enhancing” (per diems) and “remunerative” (housing, transportation subsidy, school fees). There are no benchmarks available for this analysis.

Indicator 3: Total per diem spending as proportion of government budget

As this analysis has not been conducted in many countries, it is hard to benchmark. Per diem spending in Tanzania was 1.6% of total government budget, and 6% in Malawi (Søreide, et al. 2012)

Indicator 4: Total per diem spending as a proportion of GDP (first show wage bill as proportion of GDP)

As of now, there are no benchmarks for this indicator. The number should be small. It can be used to analyse the economic impact of changes to per diem policies

Indicator 5: Average per diem spending per worker

As of now there are no benchmarks for this indicator. This indicator will help show the magnitude of per diem spending averaged across the workforce.

Indicator 6: Average annual per diem spending per worker as a proportion of average annual salary

As of now there are no benchmarks for this indicator. This would illustrate the remunerative impact of per diem policies, i.e. how they add to average salary.

Indicator 7: Per diem rate compared to average daily salary (level specific)

In Uganda, the ratio of per diem rate to average daily salary rate ranged from 2:1 (for high-level officials like medical officers) to 9:1 (for lower level staff such as nursing assistants and drivers) (Vian, et al. 2012)

4.3.2 Data needed

Data are from national budget.

1. Total spending on per diems. They may only have allowances, and not be split out by per diems. If so, look for detail in one agency.
2. Total wage bill. This includes salaried workers, non-salaried (wage), and all allowances.
3. Total spending on salaries and wages alone (no allowances).
4. Total spending on all allowances, including per diems.
5. Total annual government recurrent budget
6. Total annual GDP
7. Number of government workers
8. Number of working days per year (260 minus official government holidays, minus average vacation days per worker per year)

4.4 Calculating indicators

Table 3.1 shows how the data collected can be used to calculate desired indicators of per diem spending. See Annex A for a sample table with filled in data.

Table 3: Indicators of per diem spending

Basic country data	Year of interest
	Input actual data
Total spending on per diems	A
Total wage bill (including allowances)	B
Total value of all allowances	C
Total spending on salaries and wages (excluding allowances)	D
Total annual government recurrent budget	E
Total annual GDP	F
Total number of government employees	G
Key indicators	Formula
Total per diem spending as % of total wage bill	=A/B
Total per diem spending as % of all allowances	=A/C
Total per diem spending as % of national government budget	=A/E
Total per diem spending as % of GDP	=A/F
Average per diem spending per government employee	=A/G
Average annual per diem spending per government employee as % of average annual salary (excluding allowances)	=(A/G)/(D/G)
Per diem rate compared to average daily salary	
Level 1	
Level 2	
Level 3	

Sources:

- For GDP and the number of government employees, through year 2011, follow this link:
- <http://databank.worldbank.org/Data/Views/VariableSelection/SelectVariables.aspx?source=World%20Development%20Indicators%20and%20Global%20Development%20Finance>
- For total government wage bill, through the year 2008, follow this link: <http://data.worldbank.org/data-catalog/wage-bill-pay-compression>
- For government budgets, go to the individual country Ministry of Finance websites, where data may be publicly available. For example, for Malawi follow this link: http://www.finance.gov.mw/index.php?option=com_docman@task=cat_view%gid=56%Itemid=55
- For wage rates for different types of employees (public administration is one category), see the International Labor Organization (ILO) databases at this link: <http://laborsta.ilo.org/STP/guest>
- Spending on per diems, wages, and other allowances may be found through analysis of government budgets (see #2 and #3 above). If these are not available online, you may request a budget book at the Ministry of Finance, or World Bank office locally. Budget data may also be available in some grey literature, such as *Hunting for Per Diem*, and through local civil society watchdog organizations such as Policy Forum in Tanzania <http://www.policyforum-tz.org/> or ELBAG (Economic Literacy & Budget Accountability for Governance) http://www.elbag.org/main/index.php?option=com_content&view=article&id=19&Itemid=53

4.5 Tool 4. Survey on attitudes and practices

This component provides a survey instrument and guidance on how to conduct a sample survey of workers to assess attitudes and practices related to per diems. Including both quantitative and qualitative questions, this survey is intended to measure personal experience with per diems (amount of money earned), knowledge about per diem policies, attitudes toward per diems, perceptions about risks or abuses, and opinions about reform.

Similar to corruption perception surveys, this type of data collection can help policy makers to set priorities for what problems are most pressing and need intervention, and help determine baseline information against which to measure reform progress. A survey sample can be found in Annex B. Below are the main elements of the survey:

4.5.1 Survey components

Personal experience with per diems (3 month recall period)

Personal experience will help to estimate the impact of per diems on personal finances, and show the relative importance of major types of per diem earning activities. With these data, we can start to see travel patterns and how they vary. Are there some employees who travel a great deal? What portion of their time are they traveling, and for what purposes? Is travel mainly overnight, or are people earning significant amounts of per diem from daily allowances which do not require overnight stays? These data can help describe per diem-earning employees, and identify patterns that might relate to specific kinds of jobs. The data might be especially important if it is not possible to use Tool 3 (per diem spending) applied at the national level. At least using the survey, one can gather a sense of the how per diem payments relate to salary, and the remuneration effect of per diems.

- Number of days spent in activities which earn per diems
 - Days spent away from duty station and amount of per diem earned per day, by type of activity. There are four categories of activity: training, project oversight or monitoring & evaluation, meeting or conference, and other.
 - Days spent at duty station and amount of per diem earned per day, by type of activity (using the categories described above).
- Total amount received in per diems

Knowledge

Knowledge questions will test how well individuals understand the current per diem policies and procedures. These questions may need to be tailored to local context. Please look at the first question on actual per diem rate, and fill in correct number in advance of administering the survey. Also please note the correct answer to each of these questions before administering the survey. If the answer to a question is ambiguous, or the question itself is irrelevant, please modify as appropriate. Higher knowledge may indicate greater policy transparency. Low knowledge may help explain why policies are not being followed, or may increase the risk for abuse of per diems.

- Knowledge of current per diem rate for someone at his/her level (compare answer to correct rate)
- Knowledge of processes to document receipt of per diem, or to get advances (compare answer to correct procedure)
- Knowledge of how violations are handled
- Knowledge of complaint mechanisms (able to list at least one correct action to take if the person has a complaint about approval or spending of per diems)
- Open-ended questions related to perceived knowledge level, other comments on knowledge

General attitudes

Attitude questions measure satisfaction with current per diem policies and perceived importance of different issues. These are 5 point scale (disagree-agree) and some open-ended questions. Since staff are important stakeholders, the questions can help determine staff interest and motivation in maintaining the status quo versus implementing policy change, and how much influence they may have in this process.

- Satisfaction with per diem policies
- Perception of issues. Some specific issues have been raised in qualitative research as concerns. This section asks people whether they think these issues are important.
 - 6 categories:
 - Adequacy of rates to cover true cost of travel
 - Whether rates should permit savings (above cost of travel)
 - Differences in rates by cadre
 - Opportunities to earn per diems
 - Negative impact on how people spend their time
 - Abuse or corruption
 - Open-ended question on what issue is most important

Perception of abusive practices

This section explains that it is hard to define “abuse.” It gives a general definition of abuse, then asks for the respondent’s opinion on whether certain practices related to per diems should be considered “abuse”. The abusive practices were determined from a review of two studies: Søreide, Tostensen and Skage (2012) and Vian, Miller et al. (2011). As with section 4.1.3, these questions may help determine stakeholder interest in maintaining the status quo versus implementing policy changes, and entry points for advocacy.

- List of 9 practices (from qualitative studies).³ Ask yes/no opinion if this can be considered abuse.
- Open-ended question about other abuses, and which abuse(s) are most important
- Opinions on reform
- This section asks respondents what they know about efforts to reform per diem policies, and what they think should be done. These questions will help elicit local experiences with reform, ideas about the feasibility of reforms, and perceptions of the power of different stakeholders.
- Open-ended question about what the organization has done to improve per diem policies or prevent abuse
- Open-ended question about what more needs to be done to improve policies/prevent abuse

Demographics

This section collects some demographic characteristics such as age, gender, level of position, and salary (in order to put per diem earnings in perspective).

Tips on collecting this information

- This questionnaire is designed to be a mini-survey. It is meant to get a sample of opinions, not to be an exhaustive study of all aspects of per diem policies. The maximum number of questions should be close to 40, and the survey should take a maximum of 30 minutes to complete.
- Questions are largely closed, so that statistical analysis can be done quickly. There are a few open-ended questions so that respondents can provide contextual detail. Be aware that one limitation introduced by open-ended questions is that data collectors may edit answers to simplify. This could distort responses. Interviewers need to be well trained and supervised.
- The use of probability sampling is preferred, so that each individual has equal likelihood of being selected. This permits generalization of findings. One could choose a random sample from the personnel records of an organization, for example. But if representative sampling is not feasible due to time and resource constraints, informal sampling procedures may still be used. Examples of informal or convenience sampling include snowball sampling (asking each informant if they know someone else who could be an informant) and purposive sampling (choosing informants based on an appropriate characteristic such as job title or experience with per diem payments). Be aware that such results must be interpreted with caution because they may be biased.
- People using this survey may decide to drop some of the demographic questions (e.g. age, gender, and cadre). Simple analysis of frequencies will not require demographic data. But the data on income is needed to analyse the ratio of per diem income to salary and other allowances.
- This questionnaire may need to be adapted to context, especially the questions on knowledge. The questionnaire should be pre-tested with 5-10 respondents before using. The pre-test should consider whether the meaning of questions was clear, whether respondents have difficulty answering questions, whether response categories are appropriate, and whether there is acceptable variety in responses. The amount of time it takes to administer the questionnaire should also be noted.

³ Over-estimating time needed, inventing unnecessary work, working slowly to increase per diem, claiming more days than actually worked, diverting per diem budgeted for another person, claiming twice for same activity, attending multiple workshops in a day, falsifying participant lists, attending unnecessary training

The 41-item survey instrument is found in Annex II.

4.6 Tool 5: Planning for dissemination

The first four tools deal with data collection and analysis. This tool provides suggestions for ways in which policy analysis can be used to stimulate discussion about and generate commitment to reform.

In reporting on the data collected, the policy analysis should draw attention to the positive aspects of policies—areas where the policies are clear, consistent, and appear to be well understood and followed. The analysis should also highlight inconsistencies or areas where transparency is lacking. For example, are there practices which exist on paper but are not followed? Do stakeholders have perceptions about per diems which seem at odds with described policies and practices?

- Analysing the problems with per diems—documenting how much is being spent, who is benefiting, and how per diem systems are vulnerable to abuse—is a first step to reform. But the results of policy analysis must be used to educate people on this problem, and to engage them in reform discussions.

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. A dissemination strategy should support the development of policy reform strategies grounded in evidence, and addressing the roles and contributions of government institutions as well as of NGOs and development partners.

- To disseminate the results of policy analysis, we suggest using web sites, meetings, and the media. A first step is to develop written products, including a research report, policy brief, and press release. Each of these products is tailored to a different audience, but the overall purpose is to educate and stimulate engagement among a wide range of stakeholders.
- Who are the “stakeholders” to be educated about and involved in efforts to reform per diem policies? They include:
 - government officials with authority to make or influence policy related to human resources management and allowances;
 - government staff who make decisions related to approving program plans and spending travel budgets;
 - government staff at different levels in the system who travel for work and earn per diems;
 - international and local NGOs who provide per diems to their own staff and host events where per diems are offered;
 - donor representatives who fund activities where per diems are earned, provide budget support to government, and provide contracts to NGOs engaged in capacity-building (and per diem-earning) activities;
 - civil society watchdog organizations engaged in budget transparency and holding government accountable for effectively delivering services the citizens want and need;
 - research institutions who might be interested in further analysing and comparing data;
 - media organizations which provide external accountability and are engaged in informing the public.

4.6.1 Research report

The research team should document their findings in a written research report (25-30 pages) and a strong executive summary with main findings and recommendations. Findings should be organized to roughly match the tools:

- types and categories of allowances, with a focus on daily subsistence allowances (per diems);
- per diem policy characteristics and country contextual issues influencing the situation;
- per diem spending indicators;
- survey results
- The survey results include two parts: 1) the data on percentage of time spent in per diem-related activities (gleaned from number of days of per diem earned during the recall period) and amount earned in per diems by the survey respondents; and 2) attitudes and opinions about per diems.
- The research report should include a discussion of the implications of the findings, including the main drivers of the problem and perceived negative consequences. It should also include a set of possible reform options or issues to discuss further with stakeholders. The full research report should also be made available to other researchers who may want to do sub-analyses or comparisons with the data.

4.6.2 Policy brief

Many higher level officials will not have time to read a full research report. Therefore, a second dissemination document should be a policy brief (4-5 pages) summarizing the per diem problem in the country using the evidence collected. The policy brief should outline the reform options, and suggest some pros and cons of each.

4.6.3 Press release and social media

- A press release should be written that describes the findings of the analysis for a lay audience. This can be disseminated to local newspapers and to international listservs. In addition, a specific strategy for social media may be developed, including twitter messages and Facebook postings, to guide people to the other reports and summaries

4.6.4 Dissemination tools: presentations, town meetings

- It is important that any meetings to disseminate the study findings should not pay per diems to attendees. The format of meetings should be conducive to discussion—the findings should not be presented for longer than 15 minutes. One way to assure adequate time for discussion is to prepare a presentation with a recorded voice-over, or film a video created to explain the issues to audiences.
- Following the presentation, small groups should be formed to discuss the results. Discussion questions might include:
 - Do these findings seem to reflect the true situation? What parts seem accurate, and what was surprising, or seems like it might not be right?
 - What are the most serious negative consequences of per diems in your view?
 - What reforms should be implemented to reduce the negative consequences of per diems?
 - If you had a chance to talk to an official in charge of per diem policies, what would you say? What one thing would you want them to know or to do?

The idea is to support increased awareness of the problems caused by per diems, and to support local problem-solving on the issue. Meetings should be held at locations in the periphery as well as central offices, to engage people who are discontented with the current system and have ideas and interest in reform.

4.7 Tool 6: Further reading and resources

People who would like to read more on this topic may appreciate the following resources.

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- Søreide, T., Tostensen, A., & Skage, I. A. (2012). *Hunting for per diem: The uses and abuses of travel compensation in three developing countries*. Oslo, Norway: Chr. Michelsen Institute for Norwegian Agency for Development Cooperation (NORAD). <http://www.cmi.no/publications/publication/?4436=hunting-for-per-diem>
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- Vian, T., Miller, C., Themba, Z., & Bukuluki, P. (2011). *Perceptions of per diems in the health sector: Evidence and implications*. U4 Issue Paper No. 6, June 2011. Bergen, Norway: U4 Anti-Corruption Resource Centre, Chr. Michelsen Institute. <http://www.u4.no/publications/perceptions-of-per-diems-in-the-health-sector-evidence-and-implications/>
- Vian, T., Miller, C., Themba, Z., & Bukuluki, P. (2012). Perceptions of per diems in the health sector: evidence and implications. *Health Policy & Planning*.

Annex I: Sample table of indicators of per diem spending

	Basic Country Data		Source
	Year	2010 ¹	
A. Total spending on per diems		20872	Estimate
B. Total wage bill (including allowances)		260900	http://www.the-star.co.ke/business/local/75952-employers-paid-out-h878bn-in-wages-last-year
C. Total value of all allowances		41744	Estimate
D. Total spending on salaries and wages (excluding allowances)		219156	(=B-C)
E. Total annual government recurrent budget		691563490	http://www.knbs.or.ke/Classification%20of%20Government%20Expenditures%20by%20Functions%20of%20Government.php
F. Total annual GDP ²		2.55116E+11	http://data.worldbank.org/country
G. Total number of government employees (number)		663400	http://www.knbs.or.ke/Labour_Basic_Min_wages.php
Key indicators			
Total per diem spending as % of total wage bill (A/B)		8.0%	
Total per diem spending as % of all allowances (A/C)		50.0%	
Total per diem spending as % of national government budget (A/E)		0.003%	
Total per diem spending as % of GDP (A/F) ²		0.00001%	
Average per diem spending per government employee (A/G) (KSh)		31462	
Average annual per diem spending per government employee as % of average annual salary (excluding allowances) (A/G)/(D/G)		9.5%	
Per diem rate compared to average daily salary			
Average daily wage ³ (excluding allowances) ((D/240)/G) (KSh)		1376	
Level 1 (per diem rate = 10,000/day)		7.26	per diem rates: http://pdf.usaid.gov/pdf_docs/PNADK126.pdf
Level 2 and 3 (per diem rate = 6,000/day)		4.36	
Level 4 and 5 (per diem rate = 4,000/day)		2.91	

¹ Figures in Million Ken sh, unless noted otherwise.

² An additional useful indicator would be average per diem spending per government employee as % of GNI (gross national income) per capita. For Kenya in 2010: estimated average per diem spending per government employee = 31,462 Ksh and GNI per capita = 62,664, so this indicator

³ Assumes 240 working days/year.

Annex II: Survey on attitudes and practices

Introduction:

We are conducting a study that aims to improve policies for human resources management in developing countries, especially policies related to per diems. As part of this study, we would like to ask some questions about your experiences with and opinions about per diems and possible abuses of per diem policies by workers.

*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 **abuse** we mean when official rules are deliberately broken, or the intent of the policy is*

A. Personal Experience with per diems:

This section deals with actual experience of respondents in terms of receiving per diem, for what kinds of activities, involving time away from post or not, and how much they have received.

In the questions that follow, I will ask you about the time you spent on activities for which you received per diem, and the amount that you received in per diem. If you don't know exact numbers please estimate as best you can.

A1. In the last 3 months, how many days total did you participate in an activity for which you received per diem?

_____ (number of days)

A2. For the above activities, how much total did you receive in per diem?

_____ (amount in local currency)

A3. Of the total days you participated in per diem-earning activities, how many were spent away from your duty station (home city/town)? (If 0, skip to A5.)

_____ (number of days)

A4. For these days spent away from your duty station, please tell me the number of days spent on the following activities, and the rate you received per day on each activity:

(Interviewer: Ask questions by type of activity to fill in the first 2 rows of the table. You will need to total the number of days, and total earned in per diems yourself. Be sure to total across the third row ("Grand Total" is total earned in per diems from all types of activities).

	Training	Project Oversight/ monitoring & evaluation	Meeting or conference	Other	Total
Number of days	A4a.	A4d.	A4g.	A4j.	A4m.
Rate per day	A4b.	A4e.	A4h.	A4k.	
Total earned in per diems	A4c.	A4f.	A4i.	A4l.	A4n. Grand Total:

(Interviewer: please add check that the total number of days in A4n is equal to the number in A3. If they are not the same, please follow up and reconcile the numbers with the participant.)

- A5. Of the total days you participated in per diem-earning activities, how many were spent in your home town/city? (If 0, skip to A7.)

_____ (number of days)

(Interviewer: please check that the total number of days in A3 and A5 is equal to the number in A1. If it is not, please follow up and reconcile the numbers with the participant.)

- A6. For these days spent in your home town/city, please tell me the number of days spent on the following activities, and the rate you received per day on each activity:

(Interviewer: Ask questions by type of activity to fill in the first 2 rows of the table. You will need to total the number of days, and total earned in per diems yourself. Be sure to total across the third row ("Grand Total" is total earned in per diems from all types of activities).

	Training	Project Oversight/ monitoring & evaluation	Meeting or conference	Other	Total
Number of days	A6a.	A6d.	A6g.	A6j.	A6m.
Rate per day	A6b.	A6e.	A6h.	A6k.	
Total earned in per diems	A6c.	A6f.	A6i.	A6l.	A6n. Grand Total:

(Interviewer: please check that the total number of days in A6n is equal to the number in A5.

Also check that the total amount earned in per diems (#6n.) is equal to the amount in A2.)

B. Knowledge of Policies and Procedures

The next few questions are about the actual policies and procedures currently in place in your organization related to per diems. These are true/false questions.

B1.	The per diem rate paid to a nurse who leaves her duty station to travel to the capital city for an overnight stay including accommodation is ____ (rate should be filled in before administering the survey).	True	False	Don't know
B2.	Official documentation of per diem payment need only list the total amount paid to the worker, not the number of days.			
B3.	There is no official procedure for returning an unspent per diem advance.			
B4.	Per diem income is taxable.			
B5.	It is possible to complain anonymously to the government if I think per diem policies are being abused.			
B6.	If a supervisor breaks a policy or rule related to per diem payments he or she will be disciplined.			

B7. How would you rate your own understanding of per diem policies and procedures in your organization?

___ Very good

___ Good

___ Neither good nor bad

___ Bad

___ Very bad

B8. Is there anything more you want to tell me about your understanding of per diem policies and procedures in your organization? Yes No

If yes:

B8a. _____

C. Attitudes toward per diems:

This section focuses on your attitudes and opinions about per diems. For each of the following issues, state whether you strongly disagree, disagree, neither agree nor disagree, agree, or strongly agree. In answering these questions, please think about your own organization.

		Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly Agree
C1.	I am satisfied with the per diem policies in my organization.					
C2.	Current per diem rates in my organization are generally adequate to cover the actual cost of travel.					
C3.	In general, I think per diem rates should be high enough to allow workers to save money for family expenses or future purchases.					
C4.	Current per diem rates in my organization allow workers to save money for family expenses or future purchases.					
C5.	In general, I think it is fair to have different per diem rates by cadre or level of worker.					
C6.	Opportunities to earn per diem in my organization may not be distributed equally, but they are fair.					
C7.	Per diems change how people spend their time because they try to maximize per diem income.					

C8.	Per diem policies in my organization are often abused.					
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C9. What do you think is the most important issue about per diems?

D. Per Diem Practices and Abuse

*The idea of “abusing per diems” is not well understood. In general, **abuse** refers to improper actions for a bad purpose, often to unfairly or improperly gain benefit. Abuse of authority related to per diems may involve using authorized power or discretion for illegitimate private gain. We would like to know your opinions about how to define abuse of per diems.*

For each item in the following list, please state whether you think it should be considered “per diem abuse”.

		Yes	No	Don't know	It depends
D1.	Over-estimating time needed for an activity to earn more per diem				
D2.	Inventing work, such as unnecessary trips, to earn more per diem				
D3.	Working slowly in order to get extra per diem				
D4.	Claiming per diem for days that were budgeted to be in the field or at a workshop, even if the work takes less time				
D5.	Keeping per diems originally budgeted for another person such as a driver				
D6.	Getting per diems from two sources at once for the same activity				
D7.	Claiming per diem from multiple workshops in one day				
D8.	Falsifying participant lists in workshops to claim per diem				
D9.	Going to a workshop which is not needed for your job				

D10. Are there other types of abuse that I did not mention but which you think are important?

Yes No

D10a. If yes, please tell me about them.

D11. Which type or types of abuse do you think it is most important to try to prevent?

E. Reform Efforts:

In this section of the survey we would like your opinion about per diem policy reform.

E1. Can you describe any actions your organization has already taken to improve policies or prevent abuse of per diems? Yes No

E1a. If yes, please tell me about them.

E2. What other types of actions do you think should be taken to improve policies or prevent abuse of per diems?

F. Participant Demographics:

F1. Age: _____ (age in years)

F2. Gender Male Female

F3. Level of worker (*provide cadre/staff types for respondent to choose from*)

F4. What is your monthly salary (excluding any additional benefits such as housing allowance, education support, transportation subsidy, etc.)? _____ (*You might want to provide ranges that are appropriate for the country.*)

F5. What is the approximate value of additional benefits you receive, including housing allowance, education support, transportation subsidy, etc?

_____ (local currency)

END OF SURVEY

THANK PARTICIPANT FOR HIS/HER PARTICIPATION

U4 Anti-Corruption Resource Centre
Chr. Michelsen Institute (CMI)

Phone: +47 47 93 80 00

Fax: +47 47 93 80 01

u4@u4.no

www.U4.no

P.O.Box 6033 Bedriftssenteret

N-5892 Bergen, Norway

Visiting address:

Jekteviksbakken 31, Bergen

This U4 Issue is also available at:

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INDEXING TERMS:

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abuse of per diem

wages

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motivation

incentives

control

travel

fraud

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Most organizations use per diems as a way to reimburse out-of-pocket expenses for travel and to encourage staff to attend professional development activities. However, weaknesses in policy design and control of spending can cause problems, including distortions of human resource systems, fraud and abuse by staff. Governments and non-governmental organizations need to adopt and implement fair, transparent, and efficient policies which provide adequate compensation for work-related travel without creating adverse incentives. This toolkit proposes a methodology to study per diem policies of the health sector in a given country, in government, international, or non-governmental organizations. It presents tools designed to describe and analyse the different types of per diems, policy characteristics and control systems, per diem spending, and attitudes and perceptions of staff as a means for identifying corruption risks. Our goal is to help governments and collaborating development partners assess their specific problems, and begin to develop solutions. While the toolkit was designed for the health sector, it can also be applied to other sectors with little adaptation.