

Making the SDGs work: Why and how to address corruption in sectors



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Corruption and bribery, if left unchecked, are serious impediments to sustainable development and the achievement of the 2030 Agenda throughout the world.

When corruption and bribery succeed, the goal of fairness and equality fails; entire communities can be left without infrastructure, hospitals or schools. But corruption also undermines vital tendering processes, damages industries and debases competition.

UNODC Executive Director Yury Fedotov, December 2015

Anti-corruption in practice

Why and how to address corruption in sectors

The 2030 Agenda for Sustainable Development recognises the corrosive effects of corruption

Corruption is one of the greatest constraints on development¹: scarce resources are diverted, huge sums are siphoned off and services become unaffordable for poor households. International agreements – such as the UN Convention against Corruption (UNCAC), the G20 Anti-Corruption Action Plan, the Addis Ababa Action

Agenda on Financing for Development or recent resolutions to prohibit, prevent, detect and counter corruption (see e. g. CITES COP 17 decision 6) – underscore the need to tackle corruption and to undertake serious efforts to address it. The importance of anti-corruption is underlined in SDG 16 in the United Nations' 2030 Agenda for Sustainable Development (2030 Agenda). In terms of anti-corruption, SDG 16 aims to substantially reduce corruption and bribery in all their forms (16.5), reduce illicit financial flows (16.4), promote effective, accountable and transparent institutions (16.6), and promote inclusive, participatory and representative decision-making (16.7).

Box 1

Numbers don't lie

Water: Between USD 770 billion and 1,760 billion are needed to develop water resources and services world-wide. The World Bank estimates that 20 to 40 per cent of water sector finances, in the range of USD 155 to 700 billion annually, are lost to dishonest and corrupt practices (Water Integrity Global Outlook 2016).

Wildlife Trade: Wildlife trade is one of the largest and most profitable forms of organised cross-border crime that is facilitated by high levels of corruption. The EU estimates that the global illegal wildlife trade is worth between EUR 8 billion and EUR 20 billion annually (European Parliament, Study: EU trade policy and the wildlife trade, 2016).

Illegal Logging: The World Bank states that the global market loses USD 10 to 15 billion annually from illegal logging, with governments losing an additional USD 5 billion in revenues. A high level of corruption, little oversight and insufficient law enforcement create many irregular income opportunities.

The 2030 Agenda proves: countries have realised the importance of anti-corruption, given its cross-cutting nature and its essential role to achieve sustainable reforms in many sectors. In this sense, anti-corruption and good governance measures constitute an indispensable part of planning sector reforms.

This fact sheet sets out the approach that German development cooperation is taking to address corruption at the sector level.

The cost of corruption in sectors

Corruption is a cross-cutting issue and vulnerability to it differs from sector to sector, whether public or private. Generally, it is at the sector level that corruption's negative impact on development and on people's lives becomes particularly visible.

Millions of people are asked to pay a bribe in order to gain access to basic services (e. g. SDG 3 – health care, SDG 4 – education, SDG 6 – clean water, SDG 7 – energy). Thus, especially the livelihood of poor and vulnerable groups is negatively affected by corruption. If they refuse to pay a bribe, they face the threat of losing their access to those services.



For example, in sectors such as education or health, the inability to pay bribes leaves children without a quality education and pregnant women without proper medical care. Corruption in public procurement, such as for medicines, is often endemic and has far-reaching consequences in terms of the quality and availability of life-saving drugs.

Corruption has not only a negative impact on people's every day life, but also on the economy and the environment.² Corruption diminishes the potential for economic growth as it distorts competition (e. g. through unfair tendering processes), inward investment and affects especially small businesses at the national level (SDG 8). A weak rule of law characterised by judicial corruption poses a major threat to the social and economic development in form of less foreign direct investment, higher transaction costs as well as instability and legal uncertainty.

The extremely high value of certain illegally obtained natural resources like wildlife, fish or timber (SDGs 14 and 15) makes exploitation highly profitable at the expense of the environment and biodiversity. Corruption in these areas remains a low-risk, high-reward behaviour. This in turn can have devastating results also for local communities whose livelihoods depend on these natural resources.³

In line with SDG 13, international climate policy reflects the growing need for climate finance. To mitigate and adapt to climate change, climate finance needs to be used effectively in various sectors, without the risk of it falling prey to corrupt practices.

Anti-corruption: a sector-based approach

Given the harm corruption inflicts on society, German development cooperation is committed to identifying and countering sector-specific corrupt behaviours. With this approach, it forces policy-makers to think in terms of sector outputs (e. g. access to water, protection of endangered species). When working at a sector level, one might therefore ask questions such as:

- › Are local communities being provided with better flood defences such as sea walls?
- › Do poor neighbourhoods or rural areas have access to drinking water and sanitation?
- › Do sick people receive the treatment they need?
- › Are vulnerable groups able to access the land permits that ensure their livelihoods without having to bribe public servants?

Anti-corruption in Albania's environmental impact assessments

A study compiled by the U4 Anti-Corruption Resource Centre on risks associated with environmental impact assessments in Albania showed that corruption has a negative impact on decision-making in the country. One reason corruption occurs is the lack of both – methodological criteria and public involvement in the production and control of the assessments. Based on the study's findings, the project on the Conservation and Sustainable Use of Biodiversity at Lakes Prespa, Ohrid and Shkodra/Skadar (South-East Europe) piloted a training course with a dozen accredited assessors and staff from Albania's Ministry of Environment. Given the pilot's success, the next step is to embed the training in the Ministry's operations, making it a prerequisite for the issuing of assessment permits. This will increase future assessors' capacities to comply with the relevant criteria and detect and prevent corruption.

Over recent years, the development community has increasingly focused on integrating anti-corruption measures into its support in sectors. A detailed risk map of the underlying governance problems in a sector helps in setting priorities and in creating focused measures to a specific problem.

Research and experiences show that anti-corruption measures at the sector level can also provide effective entry points and play a catalytic role in national anti-corruption reforms.⁴

To address corruption in sectors, German development cooperation takes two main approaches: (1) it supports international initiatives dealing with corruption in specific sectors⁵ and (2) it increasingly integrates anti-corruption into its sectoral programmes in order to strengthen partner countries' institutions in their fight against corruption. For the latter, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH has developed a four-step process, which is described below.





A four-step approach for integrating anti-corruption into sector programmes

While the entry points vary from case to case, addressing corruption in sectors follows a four-step approach.⁶ The basic idea is to systematically determine the specific corruption risks of a particular sector and find ways for German development cooperation's activities and instruments to mitigate them. This requires sensitivity to the national context, taking into account the partner country's legal, policy and institutional framework as well as high risks areas that are prone to corruption.

Step 1: identifying and mapping risks

At first, sector, governance and anti-corruption experts together assess corruption-prone areas in the respective sector. Taking into account the sector characteristics such as actors and their interests, different processes and institutional structures, they map the identified corruption risks.

Step 2: set priorities

Before devising mitigative measures, first the identified corruption risks should be prioritised given their severity and detrimental impact on the sector's intended outcomes and services. Second, the development of measures should be within the project's sphere of influence.

Step 3: devise anti-corruption measures

Based on the developed risk matrix (step 1), promising anti-corruption measures or entry points for strategic sector-reforms are devised and outlined. The four principles of anti-corruption measures are

- > transparency
- > accountability
- > integrity
- > participation

Step 4: embed measures and monitor progress

To be able to assess whether the anti-corruption activities helped to achieve the ultimate sector goal (e. g. children get quality education), GIZ recommends combining actionable indicators:

1. sector outputs (e. g. comparison of the number of children that have access to education before and after)
2. devised anti-corruption measures (e. g. transparency boards to identify ghost teachers).

However, the impact of other policy measures outside of one's own field of activity might also have an impact on the sector goal and have to be considered (e. g. implementation of whistle-blower or access to information laws by the government).

This step should be included into the routine monitoring and evaluation system.

Box 3

Honduras: Strengthening transparency and accountability at school level

The education system of Honduras is facing severe governance problems. This includes so-called 'ghost' teachers – teachers that get paid even though they do not show up to teach. GIZ on behalf of BMZ supports Honduras in its efforts to improve the quality and efficiency of primary education through its Programme to Support the Quality of Basic Education (PROEFA). Since 2007, the programme has also included anti-corruption measures.

Activities include the training of key actors in co-operation with the U4 Anti-Corruption Resource Centre and the launch of 'Transparency Bulletin Boards', which provide school communities with information about available financial means and their actual usage, thus enabling schools, parents and pupils to identify 'ghost' teachers and other cases of misuse. After a successful pilot phase, the Honduran Minister of Education decided to extend the initiative to the whole country.

1 Anti-Corruption and Integrity in German Development Policy, BMZ Strategy Paper 4|2012e, German Federal Ministry for Economic Cooperation and Development, available at http://www.bmz.de/en/publications/archiv/type_of_publication/strategies/Strategiepapier323_04_2012.pdf

2 In recent years, this link between corruption and loss of biodiversity has been increasingly recognised by the international community, e.g. G20 High Level Principles on Combatting Corruption Related to Illegal Trade in Wildlife and Wildlife Products.

3 For example, nearly one billion poor people depend on forests for their livelihoods. Any illegal resource extraction from these forests therefore directly affects people and upsets the delicate balance of forest ecosystems (<http://www.unis.unvienna.org/unis/en/pressrels/2013/uniscp731.html>).

4 For more on mainstreaming anti-corruption into sectors, see U4 Brief 2014.3, available at <http://www.u4.no/publications/mainstreaming-anti-corruption-into-sectors-practices-in-u4-partner-agencies/>

5 International initiatives supported include for example the Water Integrity Network or the Extractive Industries Transparency Initiative (EITI). German development cooperation is also a strategic partner of Transparency International as well as a founder member and partner country of the U4 Anti-Corruption Resource Centre, which provides research and training on anti-corruption approaches for sectors and high corruption risk areas for development cooperation.

6 See also the approach taken in Anti-Corruption WORKS, a workshop format that provides technical cooperation programmes with a solid corruption risk analysis for their field of activity.

7 For more on Good Governance Wiki, see <https://goodgovernance-wiki.org>

Our services

On behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), the Anti-Corruption and Integrity Programme develops and tests as well as promotes anti-corruption approaches and tools. It also provides information, training and advisory services to BMZ and German development cooperation into mainstream anti-corruption. As part of its advisory services it facilitates Anti-Corruption WORKS workshops for German development cooperation programmes, collects examples on good practices in the Good Governance Wiki online platform⁷ and provides the tool “Guidelines for Integrating Anti-Corruption into the Planning and Implementation of Technical Cooperation Projects and Programmes”.

Tools to address corruption risks in sectors

Anti-Corruption WORKS is a hands-on workshop format for development programmes that helps them to determine corruption risks in countries and sectors of interest. It also supports the development of feasible, tailor-made corruption measures that can be integrated into ongoing activities and assists in the planning of new projects. The workshop has already been delivered in a number of countries including Honduras, Mexico and the Philippines and has been applied to a variety of sectors including education, energy, forestry and wildlife.

GIZ’s **Guidelines for Integrating Anti-Corruption into the Planning and Implementation of Technical Cooperation Projects and Programmes** provides programme managers and staff with key questions about actors and processes and, in doing so, helps teams to identify context-specific corruption risks for sectors or programmes. The Guidelines tool also offers advice on how to develop a project-specific action plan to mitigate the risks.





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