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

**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 development: 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).

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 everyday life, but also on the economy and the environment. 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.

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?

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.

To address corruption in sectors, German development cooperation takes two main approaches: (1) it supports international initiatives dealing with corruption in specific sectors’ 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. 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.

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 cooperation 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.

Notes:
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 Combating Corruption Related to Illega 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)
5. International initiatives supported, including for the Extractive Industries Transparency Initiative (EITI), German development cooperation is also a dialogue 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 platform 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.