Conceptual Framework

Corruption
Risk Assessment
At the Sectoral Level

2018

[Advance Copy for Open Consultations and Peer Review]

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Forward

[To be developed pursuant to the findings of the open consultation and peer review process scheduled to be completed by 31 August 2018.]

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1. Introduction

The turn of the century marked the emergence of a deeper understanding of the adverse effects of corruption on both developed and developing countries.[1] Correlations have become more obvious in context analyses of the underlying drivers of stability and development, while related studies have increasingly shown how corruption stifles competitiveness and investment[2], threatens security[3], erodes trust in the state and public institutions[4], is linked to environmental degradation[5] and undermines access to basic services, especially for the more vulnerable groups of the population[6].

Generally speaking, data shows that countries scoring low on corruption prevalence or perceptions tend to be countries that enjoy greater prosperity, opportunity, and individual liberty. This nexus is perhaps best reflected in the 2030 Agenda, which was adopted by world leaders in 2015, and includes 17 Sustainable Development Goals (SDGs) with specific targets to be achieved over the next 15 years.[7] Unlike earlier efforts, this new global development agenda contains an explicit focus on the need to reduce corruption and enhance transparency and accountability in order to achieve SDG 16 on "Peace, Justice and Strong Institutions", and more broadly, the rest of the Goals[8].

Recent years have also seen significant growth in the scope and intensity of anti-corruption efforts worldwide. The most prominent articulation of this global commitment for action is the United Nations Convention Against Corruption (UNCAC). Adopted in 2003 and entered into force in 2005, the Convention has 185 Parties to date and stands as the overarching legally-binding global framework to act against corruption in the public and the private sector.[9] It includes specific measure for prevention, criminalization, law enforcement, international cooperation and asset

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[1] United Nations Development Programme (UNDP), 2008. *Primer on Corruption and Development* [pdf] Available at: http://www.undp.org/content/undp/en/home/librarypage/democratic-governance/anti-corruption/corruption.html

[2] Méon, P.-G. and Sekkat, K., 2005. Does Corruption Grease or Sand the Wheels of Growth? *Public Choice* [online] 122 (1) Available at: 10.1007/s11127-005-3988-0 ; Habib, M. and Zurawicki, L., 2002. Corruption and Foreign Direct Investment. *Journal of International Business Studies* [online] 33 (2) Available at: 10.1057/palgrave.jibs.8491017 ; Rose-Ackerman, S., 1999. *Corruption and Government: Causes, Consequences and Reform*. Cambridge University Press: Cambridge.

[3] Transparency International Germany, 2014. Corruption as a Threat to Stability and Peace [pdf] Available at: http://ti-defence.org/wp-content/uploads/2016/03/2014-01_CorruptionThreatStabilityPeace.pdf ; Carnegie Endowment for International Peace, 2014. *Corruption: The Unrecognized Threat to International Security.* Working Group on Corruption and Security [pdf] Available at: http://carnegieendowment.org/files/corruption_and_security.pdf

[4] The World Bank, 2000. *Anticorruption in Transition: A Contribution to the Policy Debate* [pdf] http://siteresources.worldbank.org/INTWBIGOVANTCOR/Resources/contribution.pdf

[5] Winbourne, S., 2002. *Corruption and the Environment* [pdf] Available at: http://pdf.usaid.gov/pdf_docs/Pnact876.pdf

[6] Nawaz, F. and Chêne, M., 2009. *Gender, corruption and health*. U4 Helpdesk, Transparency International [pdf] Available at: http://www.u4.no/publications/gender-corruption-and-health/downloadasset/408 ; United Nations Development Program (UNDP), 2011. Tackling Corruption in Sectors that Delivery Essential Services to the Public in the Arab States Region.

[7] United Nations, 2015. The Sustainable Development Goals [online] Available at: http://www.un.org/sustainabledevelopment/sustainable-development-goals/

[8] Transparency International, 2015. *Ending Corruption, Ending Poverty – How Will The SDGs Measure Up?* [online] Available at: http://blog.transparency.org/2015/09/24/measuring-corruption-to-end-poverty-2/

[9] United Nations Office on Drugs and Crime (UNODC), 2016. *United Nations Convention Against Corruption* [online] Available at: https://www.unodc.org/unodc/en/treaties/CAC/

recovery, and since 2009 has had an international mechanism to review the state of its implementation at the country level. More recently, anti-corruption also found its way to the G20 agenda and other international initiatives such as the Open Government Partnership and the UN Global Compact. Different regions have also established their own anti-corruption platforms including related conventions, networks and initiatives, while many countries have set up specialized agencies, adopted national strategies and introduced specific policies and programs to that end.

2. Problem Statement

Despite all the above, the effectiveness of anti-corruption efforts is still considered limited[10]. The explanations cited for this predicament vary and are generally numerous, multi-layered and intertwined. Most of them put emphasis on the lack of political will[11], limited technical capacity[12] and inadequate choices of strategy[13]. Clearly, political will is critical because it provides the level of leadership that is necessary for mobilizing resources and stakeholder commitment, and creates the enabling environment affecting the development of new policies and the ability to enforce them. Technical capacity also goes hand in hand with political will because it is the arm through which the latter is translated into tangible actions, while also presenting it with the guidance and options that may further catalyze that political will, thus creating a virtuous circle or not[14]. As the calls of more government leaders for action against corruption become more acute, and investments in technical capacities increase, more attention is being turned towards the choice of strategy itself and the extent to which it is producing desired results.[15]

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[10] United Nations Development Program (UNDP), 2014. *Anti-corruption Strategies: Understanding What Works, What Doesn't and Why? Lessons Learned from the Asia-Pacific Region* [pdf] Available at: http://www.asia-pacific.undp.org/content/rbap/en/home/library/democratic_governance/anti-corruption-strategies.html ; Persson, A., Rothstein, B. and Teorell, J., 2010. *The Failure of Anti-Corruption Policies: A Theoretical Mischaracterization of the Problem*. QoG Working Paper Series: University of Gothenburg [pdf] Available at: http://www.qog.pol.gu.se/digitalAssets/1350/1350163_2010_19_persson_rothstein_teorell.pdf ; Heeks, R., 2011. *Understanding Success and Failure of Anti-corruption Initiatives.* U4 Brief [online] Available at: http://www.u4.no/publications/understanding-success-and-failure-of-anti-corruption-initiatives/

[11] Brinkerhoff, D.W., 2010. *Unpacking the concept of political will to confront corruption.* U4 Brief [pdf] Available at: http://www.u4.no/publications/unpacking-the-concept-of-political-will-to-confront-corruption/ ; McCusker, R., 2006. Review of Anti-Corruption Strategies. Australian Institute of Criminology [pdf] Available at: http://www.aic.gov.au/media_library/publications/tbp/tbp023/tbp023.pdf

[12] Chêne, M., 2008. *Drafting a national anti-corruption strategy for Vietnam*. U4 Expert Answer [pdf] Available at: http://www.u4.no/publications/drafting-a-national-anti-corruption-strategy-for-vietnam/

[13] United Nations Development Program (UNDP), 2014. *Anti-corruption Strategies: Understanding What Works, What Doesn't and Why? Lessons Learned from the Asia-Pacific Region* [pdf] Available at: http://www.asia-pacific.undp.org/content/rbap/en/home/library/democratic_governance/anti-corruption-strategies.html ; Kaufmann, D. 1998. Revisiting Anti-Corruption Strategies: Tilt Towards Incentive-Driven Approaches? in: *Corruption and Integrity Improvement Initiatives in Developing Countries.* United Nations Development Program (UNDP) [pdf] Available at: ftp://pogar.org/LocalUser/pogarp/finances/cordev/corruption-transparencye.pdf ; Persson, A., Rothstein, B. and Teorell, J., 2012. *Why Anti-Corruption Reforms Fail – Systemic Corruption as a Collective Action Problem.* Governance: An International Journal of Policy, Adminisration ad Institutions: Wiley Periodicals [pdf] Available at: http://weblaw.haifa.ac.il/en/JudgesAcademy/workshop3/Documents/A/D/Why%20Anti-Corruption%20Fail.pdf

[14] Brinkerhoff, D.W., 2010. *Unpacking the concept of political will to confront corruption.* U4 Brief [pdf] Available at: http://www.u4.no/publications/unpacking-the-concept-of-political-will-to-confront-corruption/

[15] Transparency International, 2016. *Anti-Corruption Glossary* [online] Available at: https://www.transparency.org/glossary/term/corruption ; United Nations Office on Drugs and Crime (UNODC), 2004. *United Nations Convention Against Corruption (UNCAC)* [pdf| Available at: http://www.unodc.org/unodc/de/treaties/CAC/ ; Transparency International, 2016. Anti-Corruption Glossary [online] Available at:

WHAT IS CORRUPTION?

There is not an uncontested definition of corruption. While much discussion has been happening around this topic and many attempts have been made to define the term, the United Nations refrains from using a conclusive definition due the complexity of the phenomenon and the different nuances that it takes in different contexts. Nevertheless, there is the most commonly accepted definition that is proposed by Transparency International (TI) as *"the abuse of entrusted authority for private gain"* and is understood to be inclusive of both public and the private sector.

The UNCAC does not adopt a definition but rather enumerates corrupt offences as well as related offenses. Crossing the definition above with the offences criminalized by the UNCAC yields five major forms corruption including (i) bribery, (ii) embezzlement, (iii) trading in influence, (iv) abuse of functions, and (v) illicit enrichment. Their meaning can be summarized as follows:

(i) *Bribery:* The offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages (taxes, services, donations, favors etc.) (Transparency International).

(ii) *Embezzlement:* Fraudulent taking of personal property by someone to whom it was entrusted. Most often associated with the misappropriation of money. Embezzlement can occur regardless of whether the defendant keeps the personal property or transfers it to a third party (Cornell University Law School).

(iii) *Trading in Influence* is to be criminalized, when committed intentionally, promising, offering or giving to a public official or any other person, directly or indirectly, of an undue advantage in order that the public official or the person abuse his or her real or supposed influence with a view to obtaining from an administration or public authority of the State Party an undue advantage for the original instigator or any other person or solicitation or acceptance by a public official or any other person, directly or indirectly of an undue advantage for himself for another person, in order that the public official or the other person abuses his real or supposed influence, with a view to obtaining from a public authority an undue advantages (UNCAC).

(iv) *Abuse of Function:* is to be criminal when committed intentionally, the abuse of functions or position and the performance of or failure to perform an act, in violation of laws by a public official, in the discharge of his functions, for the purpose of obtaining an undue advantage for himself or another party (UNCAC).

(v) *Illicit Enrichment:* when there is a significant increase in the assets of a public official that he/she cannot reasonably explain in relation to his/her lawful income (UNCAC).

A closer examination of anti-corruption strategies reveals that a substantial number thereof focuses, exclusively in some cases, on general overarching issues, to an extent where similarities between strategies of different countries with disparate contexts become uncanny. Examples include the introduction of new legal frameworks, the strengthening of control mechanisms, the set-up of dedicated agencies to combat corruption as well as the general promotion of a legal, economic and cultural environment opposed to corruption. It can be argued that such an approach is of limited effectiveness as corruption manifests itself differently from

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https://www.transparency.org/glossary/term/corruption ; Corned University Law School, n.d.. *Embezzlement* [online] Available at: https://www.law.cornell.edu/wex/embezzlement

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sector to sector [16] , with varying underlying dynamics, thus requiring tailored responses. Moreover, given that effective action requires the direct engagement of key stakeholders, and since each sector has a different stakeholder environment, adopting a sectoral approach allows anti-corruption initiatives to focus on involving the right stakeholders and thus maximize the potential to engage their interest in, and enhance their contribution to anti-corruption reforms. Also, targeting the sectorial level can be evaluated as more cost-efficient and faster than national-level approaches, with results additionally being most visible in the everyday lives of citizens[17]. While this does not discount the importance of general and overarching objectives that address cross-cutting issues, it demonstrates that these should be further complemented by sectoral approaches[18]. In addition to that, this approach has the potential to further advance sectoral development *per se* as respective strategies in turn often lack a distinct focus on anti-corruption which can clearly hamper their success.

Another key feature of national anti-corruption strategies worldwide shows overemphasis on law enforcement, as opposed to prevention[19]. For example, 85 percent of the funding received by ACAs ends up being dedicated to enforcement[20]. This needs to be considered in the context that prevention is known to be more resource-efficient to fight corruption as it aims to preempt corrupt acts by eliminating – to the extent possible – opportunities for corruption [21]. It comprises two fundamental activities: (i) creating and sustaining a culture of honesty and high ethics and (ii) identifying sources of significant corruption risks and mitigating them. The latter is achieved by means of a solid system of internal controls that prevent breaches and / or detects them in a timely manner [22]. The two main advantages of this process are that firstly, it is a blanket approach to reducing corruption incidents altogether

[16] Graycar, A. and Prenzler, T., 2013. *Understanding and Preventing Corruption*. New York: Palgrave MacMillan.

[17] United Nations Development Program (UNDP), 2008. *Primer on Corruption and Development* [pdf] Available at: http://www.undp.org/content/undp/en/home/librarypage/democratic-governance/anti-corruption/corruption.html ;

[18] United Nations Development Program (UNDP), 2014. *Anti-corruption Strategies: Understanding What Works, What Doesn't and Why? Lessons Learned from the Asia-Pacific Region* [pdf] Available at: http://www.asia-pacific.undp.org/content/rbap/en/home/library/democratic_governance/anti-corruption-strategies.html ; Doig, A. and Riley, S., 1998. *Corruption and Anti-corruption Strategies: Issues and Case Studies from Developing Countries, in: Integrity Improvement Initiatives in Developing Countries.* United Nations Development Program [pdf] Available at: ftp://pogar.org/LocalUser/pogarp/finances/cordev/corruption-transparencye.pdf ; It needs to be underlined that the issues of an emphasis on enforcement as well as a focus on generic approaches are interconnected to a certain extent, as e.g. a focus on enforcement can lead to the development of rather generic, macro-level approaches.

[19] United Nations Development Program (UNDP), 2012. *Anti-corruption Agencies: Reflections on International Standards & Experiences* [pdf] Available at: http://www.pogar.org/publications/ac/2012/Studies/Final%202.pdf ; Kaufmann, D. 1998. Revisiting Anti-Corruption Strategies: Tilt Towards Incentive-Driven Approaches? in: *Corruption and Integrity Improvement Initiatives in Developing Countries.* United Nations Development Program (UNDP) [pdf] Available at: ftp://pogar.org/LocalUser/pogarp/finances/cordev/corruption-transparencye.pdf ; Pope, J., 1999. *Elements of a Successful Anticorruption Strategy*, in: Economic Development Institute of The World Bank: Curbing Corruption: Toward a Model for Building National Integrity. The World Bank: Washington, D.C.

[20] United Nations Development Program (UNDP), 2012. *Anti-Corruption Agencies: Reflections on International Standards & Experiences* [pdf] Available at: http://www.pogar.org/publications/ac/2012/Studies/Final%202.pdf

[21] Albrecht, S.W., Albrecht C.O., Albrecht C.C. and Zimbleman, M.F., 2015. *Fraud Examination.* Fifth Edition: Boston: Cengage Learning ; Richardson, W., 2012. *Prevention is better than the cure.* PricewaterhouseCoopers [online] Available at: http://pwc.blogs.com/fraud_academy/2012/08/prevention-is-better-than-the-cure.html

[22] Albrecht, S.W., Albrecht C.O., Albrecht C.C. and Zimbleman, M.F., 2015. *Fraud Examination.* Fifth Edition: Boston: Cengage Learning.

and associated losses instead of targeting a few large ones *after* the losses have taken their toll, and secondly, it enhances corruption *detection* and thus leads to *more efficient enforcement* measures as it has been established that enforcement has a deterring effect if it is likely that corrupt actions will be discovered[23]. Despite these advantages, prevention to date has not received the same level of attention as enforcement – and if taken into consideration, focused mainly on awareness creation. While this should not undermine the critical role that enforcement plays in fighting corruption, it shows that a stronger emphasis on prevention is likely to have strong advantages.

In sum, this makes clear that sectorial and preventive strategies to fight corruption need to be further strengthened to enhance the overall cost-effectiveness of anti-corruption efforts. A well-established approach to engage in prevention in a specific context is to conduct *risk assessment*, since addressing "risks" is one of the two sub-components of prevention, as outlined above. In the field of anti-corruption, risk assessment can broadly be defined as the analysis and study of the likelihood and impact of specific corrupt acts for the purpose of mitigating them. It distinguishes itself from other corruption assessment approaches in that it focuses on the potential for – rather than the perception, existence or extent of – corruption[24].

To contribute to the enhancement of anti-corruption effectiveness, this conceptual framework zooms in on the choice of strategy. It provides detailed guidance that empowers stakeholders to boost

> **Measuring Corruption & Risk Assessment**
>
> Different ways to measure corruption are based on data that can be put on a continuum from subjective ("soft") to objective ("hard"). "Perceptions" (opinions), like for example gathered in Transparency International's "Corruption Perception Index", can thereby be located on the rather subjective end, followed by "experiences" (incidences, knowledge), which have e.g. exit or satisfaction surveys at their core. "External assessments" (ratings, scores) tilt more toward objective data. The most objective data is "administrative" (records, laws, reports, observations), referring to e.g. project reports, internal audits, or agency statistics. "Risk assessments" can be located as in-between "external assessments" and "administrative" approaches, so are based on data which falls at the rather "objective" end of the continuum. That being said, "risk assessment" needs to be understood as complementing the other approaches in the field. Gathering "perceptions" and "experiences", for example, can help in identifying risks, whereas the outcomes of risk assessments can facilitate the contextualization of "administrative" data.

corruption prevention at the sectoral level through the use of tailored risk assessments. The next section will discuss the application approach underlying this conceptual framework, followed by a section dedicated to practical considerations for implementation in the field.

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[23] Dye, M.K. 2007. *Corruption and Fraud Detection by Supreme Audit Institutions* [pdf] Available at: http://www.u4.no/recommended-reading/corruption-and-fraud-detection-by-supreme-audit-institutions/
[24] ibid.

3. Approach

In order for this framework to be successful in enhancing effectiveness of anti-corruption efforts, a common understanding of its underlying key concepts among different communities must be achieved. Furthermore, it is necessary to translate the conceptual thinking around the framework into an applicable and flexible analytical process for sector-specific assessments which can subsequently be translated into user-friendly tools.

To achieve this, two essential issues must be discussed: firstly, the risk-assessment approach and its adaptation to the field of anti-corruption, and secondly, its application. This conceptual framework thereby aspires to become the conceptual foundation for hands-on policy reform. It does not attempt to suggest a step-by-step quantitative assessment process, but rather aims to offer an innovative way to conceptually engage in corruption risk assessment. This approach is most promising to achieve results that are meaningful for policy makers, given the real-life complexities of the topics at hand.

3.1. Adaptation of Risk-Assessment to the Field of Anti-corruption: Decision Points as Units of Analysis

Risk management is a discipline of high relevance within the realm of a variety of different fields, originating from a business perspective. "Risk" can thereby be defined as "the combination of the probability of an event and its consequences"[25]. The general focus of risk management is the "identification and treatment" of these risks [26.] It is an on-going process, which includes "identifying objectives, measuring and evaluating risk, designing counter-measures, implementing these measures and assessing their performance"[27].

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[25] The Institute of Risk Management, 2001. *A Risk Management Standard* [pdf] Available at: https://www.theirm.org/media/886059/ARMS_2002_IRM.pdf
[26] The Institute of Risk Management, 2001. *A Risk Management Standard* [pdf] Available at: https://www.theirm.org/media/886059/ARMS_2002_IRM.pdf
[27] World Customs Organization, 2015

Box x: The Risk Management Process

RISK MANAGEMENT

A full-fledged risk management process bases on the following steps:

(i) **Establishment of context** focuses on defining the scope of the risk management process and sets the criteria against which risks will be assessed. This includes the consideration of the overall objectives that can be affected by risks.

(ii) **Risk assessment includes the identification of risks, the analysis of their "likelihood" and "impact",** as well as the evaluation of results. The latter can be achieved through convening the respective outcomes in a risk heat mapping exercise to visualize results and better prioritize further actions.

(iii) **Risk treatments** builds on the outcomes of the risk assessment and focuses on treating the assessed risks. Possible results of a heat mapping exercise need to be further prioritized based on the overall objectives and context (e.g. resources available). Respectively, concrete measures for risk mitigation need to be developed and translated into implementation.

(iv) **Monitoring and review** includes the on-going review of the continuous accuracy of the outcomes gained from all previous steps, as well as focuses on the monitoring of the success of mitigation measures.

(v) **Communication and consultation** focuses on sharing results with stakeholder arena to ensure transparency and support as well includes consultations as a way to also ensure on-going accuracy and general feedback.

Figure 2 — The ISO 31000:2009 risk management process
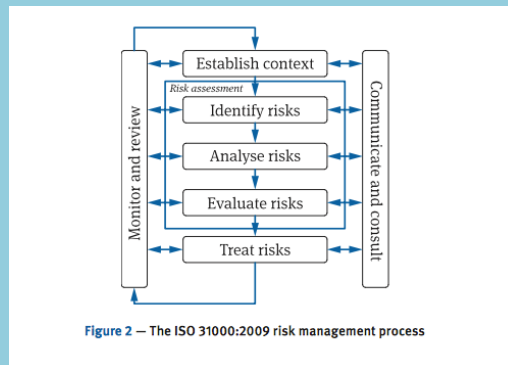
Source: International Organization for Standardization (ISO), 2015

While the overall discipline of risk management includes several dimensions (see box x)**, this conceptual framework focuses on "risk assessment".** Risk assessment to fight corruption has already been discussed in the field[28]. However, this framework advances the view that further steps into this direction require further adaptation to reach higher levels of focus and thus effectiveness. Specifically, this refers to the fact that the right "unit of analysis" to undertake risk assessment needs to be determined.

In this context, the presented definition of corruption – *"the abuse of entrusted power for private gain"* - needs to be closely considered. It makes clear that at its core, corruption is about actors taking intentional actions to meet private interest.

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[28] Transparency International, 2013. *Corruption Risk Assessment: Top Guide* [pdf] Available at: http://gateway.transparency.org/files/uploads/Corruption_Risk_Assessment_Topic_Guide.pdf ; United Nations Development Program, 2015. *User's Guide to Measuring Corruption and Anti-Corruption* [pdf] Available at: http://www.undp.org/content/undp/en/home/librarypage/democratic-governance/anti-corruption/user-s-guide---measuring-corruption-and-anticorruption.html ; World Customs Organization, 2015. *Guide to Corruption Risk Mapping* [pdf] Available at: http://www.wcoomd.org/en/topics/integrity/~/media/WCO/Public/Global/PDF/About%20us/Legal%20Instruments/Declaratio ns/Risk-Mapping-Guide_June-2015.ashx ; The World Bank, 2007. *The Many Faces of Corruption: Tracking Vulnerabilities at the Sector Level* [pdf] Available at: https://openknowledge.worldbank.org/handle/10986/6848

Therefore, it is essential to put "decisions" at the core of the analytical process when aiming to prevent corruption. This also becomes apparent when considering the Klitgaard formula[29], which as a key contribution to the field of anti-corruption equates

Corruption = monopoly + discretion – accountability

The formula thus puts emphasis on the importance of "decisions" in the context of corruption by expressing that the interplay between the three mentioned dimensions leads to an actor engaging in a corrupt act - or not.

Figure x: Corrupt Acts As Part of A Decision Making Process
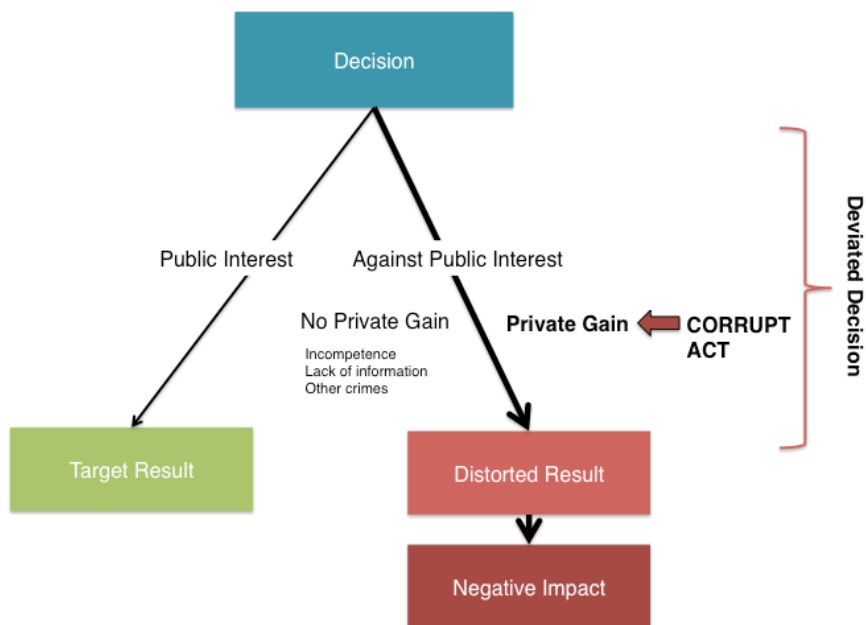
Building on this, it can be stated that "decisions" of entrusted actors can be aligned with the interest of the public or against it (see figure x). A decision taken within the public interest achieves a "targeted result", as defined by the mandate of the actor in question. On the other hand, a decision against the public interest deviates from the "target result" to a "distorted result", which in turn creates a "negative impact". Therefore, such a decision can be named a "deviated decision". As this framework aims to curb corruption, it is concerned only with "deviated decisions". However, while all "deviated decisions" lead to a "distorted result", not all of them are instigated by a corrupt act. The decisive factor to determine whether a corrupt act is the cause for a "distorted result" is whether the "distorted result" is the outcome of a "deviated decision" with the motive to attain a *private gain.* If this is the case, it is indeed a corrupt act that leads to a "distorted result" and corresponding "negative impact". Only such "deviated decision" will be considered within this framework. If it

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[29] see e.g. Klitgaard, R., 1998. International Cooperation Against Corruption. *Finance & Development* [pdf] Available at: https://www.imf.org/external/pubs/ft/fandd/1998/03/pdf/klitgaar.pdf

is not the case, several other factors can cause the "distorted result", including incompetence, other criminal behavior that is or is not associated with corruption, as well as a lack of information. Other crimes include fraud, counterfeit, money laundering, obstruction of justice and concealment which should not be confused as types of corrupt acts. They are considered as crimes in their own which might or might not be associated with an act of corruption.

Consider the following examples:

- A customs officer accepts a product with a value under its actual value which makes the customs lower
  - He did not have access to the actual value and has no private gain -> lack of information
  - He did not check the actual price of the product -> incompetence
  - He knew the actual value and accepted a bribe to undervalue the product -> corruption
  - A person falsifies the papers of the product with a lower value -> another crime -fraud (can be linked to corruption).
  - Another person lets the product pass away from the customs -> another crime – smuggling (can be linked to corruption)

In order to be able to prevent that actors choose to make a "deviated decision through corruption, it is essential to clearly identify the exact points where such decisions are taken and thus corrupt acts can occur. This means to identify distinct "decision points". This approach has already been discussed in literature[30]. Due to the fact that this conceptual framework aims to offer a targeted approach, the right level to engage in this process is at the sectorial level.

Box x: Particularity of "Illicit Enrichment"

> **Particularity of "Illicit Enrichment"**
>
> The fifth act of corruption as defined in the UNCAC - illicit enrichment - is out of the remit of this conceptual framework. **The reason for this is that "illicit enrichment" is a particular kind of corruption** which is not directly related to a distinct decision. In essence, it refers to the enrichment of specifically **public officials whereupon their enrichment's source cannot be justified in light of legitimate income.** Thus, "illicit enrichment" **is rather the result** of a decision or a bundle of decisions that presumes the other four types of corruption, but does not constitute a decision it itself.

3.2. Guidance for Risk-Assessment

This section leads through the risk-assessment process at sectoral decision points. Its objective is to offer general guidance on the risk assessment process. More details will be included in the implementation guides. It is worth mentioning that assessing corruption risks entails the consideration of a variety of complex factors that

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[30] The World Bank, 2007. *The Many Faces of Corruption: Tracking Vulnerabilities at the Sector Level* [pdf] Available at: https://openknowledge.worldbank.org/handle/10986/6848

by nature go beyond the scope of a rigid assessment process. Therefore, the following section will suggest a broad process that needs to be heedfully applied and refined in a selected context. It discusses the following steps:

1. Identification of decision points and deviated decisions
2. Conducting risk mapping

3.2.1. Identification of Decision Points and Deviated Decisions.

Decision points can then be defined as all critical junctures at which a "deviated decision" resulting from a corrupt act can occur. Generally, two methods of identification can be used to generate decision points. First is through system functions approach which bases on a top-down breakdown from the abstract to the more concrete, starting at the system level and going through underlying functions, domains and decision areas before eventually ending up at the level of distinct decisions points (see figure x). Another method is process mapping where decision points are identified within the framework of a specific "process". Processes are simply sequences of actions designed to transform inputs into outputs. Process mapping is an exercise to identify all the steps and decisions in a process in diagrammatic form.

It is important to understand that identifying the decision points is not an end to itself. rather, it is a mean to generate the unit analysis "decision points" and the potential deviated decisions associated with them in order to conduct the assessment of likelihood and impact. While it is intuitive and more common to identify decision points using a process mapping approach, eventually all decision points will have to be aggregated at the function level in order to be able to assess the "impact" and hence "risk" of any given deviation. Towards this end, it is recommended to use the function based approach for identifying decision points as it will directly serve the purpose of measuring the impact. Process mapping may be useful as a method to generate an exhaustive list of decision points at a more detailed level and/or decision points that might be missed through a function based approach. Bearing in mind that decision points generated by process mapping should be linked to their respective function in order to assess the "impact" as mentioned above.

Figure x: Sectorial Breakdown to Identify Decision Points
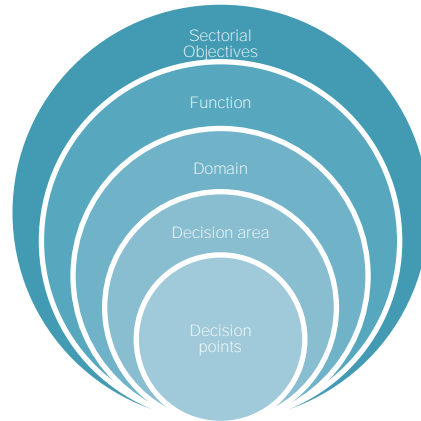
Using a function-based approach, the different elements of the sectorial breakdown can be defined as follows:

- *Sectorial Objectives:* refers to the overarching system level that each sector upholds. It is at this level that fundamental objectives and parameters are designed and applied.
- *Function*: describe the key responsibilities that a sectoral system needs to fulfill to be able to reach its fundamental objectives.
- *Domain*: refers to sub-functions, respective roles and the complex relationships between them. It needs to be noted here that certain domains can appear under two separate functions.
- *Decision area:* relates to the broader spheres of responsibility of each key actors.
- *Decision points:* refers to the concrete key junctures within each sphere of responsibility where respective actors have to make choices.

Box x: Example for a Sectoral Breakdown

Example for a Sectoral Breakdown from the Healthcare Sector

The healthcare sector upholds the following functions

All Functions Healthcare Sector				
Policy Development and Legislation	Supply of Products	Provision of Services	Payment	Regulatory Oversight

In the following, the function "Provision of Services" will be broken down to demonstrate the respective process:

| Function	Provision of Services			
Domain(s)	Service delivery			
Decision Areas	Provision of care	Provision of education	Provision on training	Provision of research
Decision Points	• Schedule an appointment • Conductance of medical procedures • Prescription of medication • Referral to other procedures • Charging for procedures	• Registration of students • Grading students • Issuance of certificates • Provision of sponsorships & scholarships • Academic promotion	• Registration of candidates • Issuance of certificates • Provision of sponsorships and scholarships	• Conductance of research • Publication of research • Funding research

To arrive at the level of concrete decision points, process mapping can be a useful tool. To further analyze a selected decision area for example, its entire underlying processes can be broken down. Towards this end, all steps need to be taken into consideration in their real-life sequence. The flow chart below illustrates such a process analysis schematically applied on one process as an example. It is worth mentioning that unlike the decision points defined in regular process mapping, in mapping a process for assessing risks to corruption every single point in the process can be considered a decision point as there is a potential for deviation.

Box x: Example for Illustration: Identification of Exemplary Decision Points Based on a Process Analysis

Examples for Decision Points from the Decision Area "provision of care" – Healthcare Sector
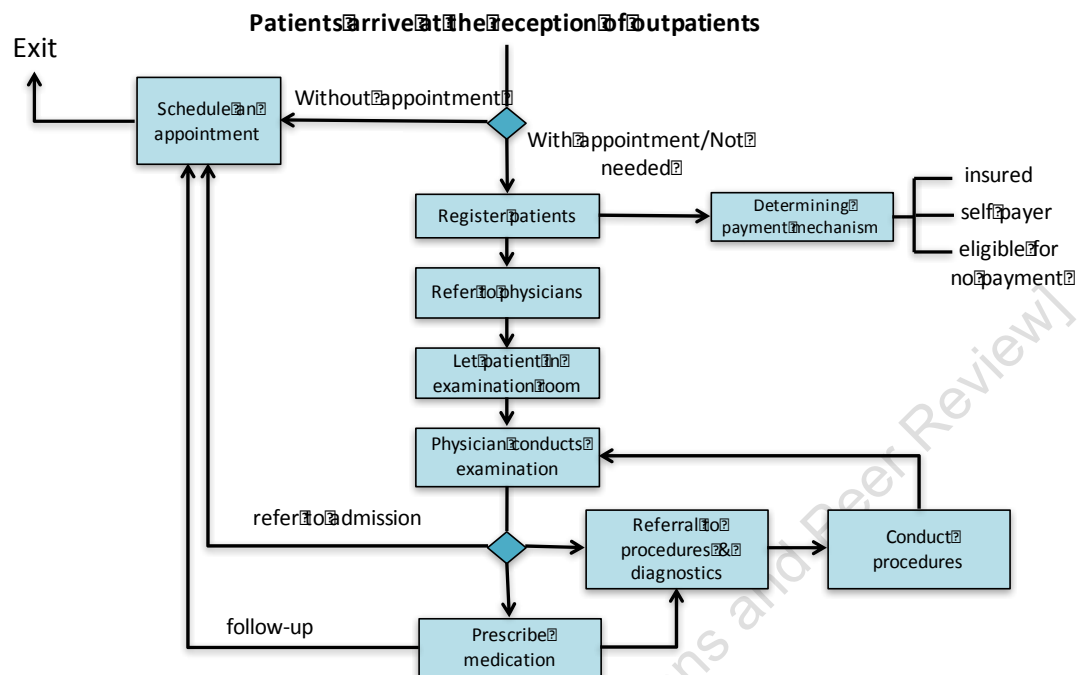
After the decision points have been identified, the next step is to determine the potential decisions to be deviated by corrupt acts and conclude with the "deviated decisions" specific to each decision point. Several "deviated decisions" may be identified for each decision point.

Box x: Example for Illustration: Identification of Decision Points and their respective deviated decisions

Decision Area "Provision of C**are"** - Healthcare Sector

Under the **decision area** "provision of care"**,** five decision points can be established as demonstrated above:

- Schedule an appointment
- Conductance of medical procedures
- Prescription of medication
- Referral to other procedures
- Charging patients for procedures

For eac**h of these decision points, the** following "distorted results" following a "deviated decision" caused by a corrupt act can be identified:

Decision Point		Deviated decisions
Schedule an appointment		• Delaying/accelerating the appointment with no reasonable justification • Denying the appointment
conductance of medical procedures	Corrupt acts	• Denying the righteous service to the patient • Providing unnecessary services • Providing low quality service • Requiring extra payments • Delaying/accelerating service provision with no reasonable justification
Prescription of medication		• Prescription of a more expensive alternative of the medication • Prescription of unnecessary medication • Prescribing low quality medication
Referral to other procedures and diagnostics		• Referral to unneeded procedures • Referral to more expensive alternatives • Referral to a low quality service • Referral to specific brand/ name as an unjustified promotion
Charging patients for procedures		• Overcharging services • Charging for services that were not undertaken • Not charging for services that were undertaken

3.2.3. Risk Mapping

Risk mapping is a tool used to combine the identification, control, and management of risks. A respective risk heat map is one way to visualize risk mapping which brings the results of assessing "likelihood" and "impact" together "on one map"

and allows subsequent risk classifications (see figure x for an illustration). This creates the right foundation for subsequent risk prioritization.

The general objectives of a risk heat mapping exercise can be summarized as follows (World Customs Organization, 2012):

- Identification of risks and how they are interconnected
- Provision of a mechanism to develop a robust risk management strategy
- Comparison and evaluation of current risk handling and aid in selecting appropriate strategies
- Presentation of the remainders of risks after all risk mitigation strategies have been put in place
- Communication of a risk management strategy

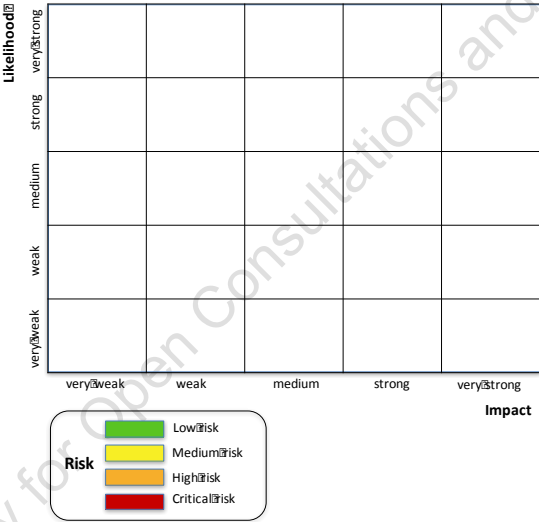*Figure x: Illustration for a Risk Heat Map*

Figure x above describes "likelihood" on the vertical axis, and "impact" on the horizontal axis. In this configuration, likelihood increases as you move up the vertical axis, and impact increases from left to right. To put the map into action, a certain number of "impact" and "likelihood" categories have to be defined. Based on these categorizations, points to represent the risks can be put on the map. Further, it needs to be defined what level of risk is acceptable, and what level of risks need certain intervention and what levels of risks demands immediate action. Such "cut-off" risk thresholds are the foundation for risk prioritization.

To risk map in the context of this framework, each "decision point" needs to be located on the risk heat map, according to previously determined "impact" created through the collective distorted results of all the deviated decisions around a decision point and the "likelihood" of the deviation of the decisions around the decision point through a corrupt act. "Deviated decisions" are the right level of assessment as opposed to "decision points" themselves as risk can only be assessed related to

concrete action with adverse effects (e.g. "admitting a patient in a hospital over another patient after accepting the bribe") and not referring to a neutral task description (e.g. "conducting of procedures"). To be able to map the deviated decisions and design interventions accordingly, these "deviated decisions" would then need to be further aggregated to the level of their original decision points. This will eventually show a heat map of decision points where the risks of all deviated decisions around each point of them are assessed and collectively positioned. Eventually, this lets an overview of the risks to corruption in the entire sector emerge, based on which further risk prioritization can be initiated, considering risk tolerance, policy priorities, timelines, available resources etc.

Towards this end, the following sections discuss how "impact" and "likelihood" for each "deviated decision" can be determined.

3.2.3.1. Determining Impact

"Impact" can broadly be defined as the "significance of effect".

> The assessment should answer the question: "If a **"deviated decision" caused by a** corrupt act occurs, what will be the consequence of an associated distorted result on **the sector?"**

Deduction

When aiming to determine "impact", it has to be considered that each sector has a particular role to play in an economy and a particular contribution to make to development. Noting the interplay that may also occur between sectors, determining the potential impact of corruption would differ from one sector to another. Furthermore, even when considering the same sector, its role and importance varies from one country to another. This makes clear that a standardized approach to evaluate the "impact" of a corrupt act is challenging due to it being highly sector- and country-specific. Therefore, this conceptual framework offers a methodology that allows for the determination of impact to be further tailored at the sectoral level in a specific country.

Towards this end, two impact dimensions are suggested to be considered within each context to overall determine "impact". These two dimensions' base on the general notion that an "impact" is made once a "distorted result" following a "deviated decision" caused by a corrupt act negatively affects sectoral objectives. In turn, this means that any further analysis assumes that sectoral objectives are clearly defined.

In this context, the following two dimensions are suggested:

1. *Number of sectoral objectives influenced*

> The more sectoral objectives a "distorted result" following a "deviated decision" caused by a "corrupt act" affects, the stronger is its impact.

Building on the sectoral objectives, it needs to be assessed how many of these objectives are undermined by a distorted result.

Example: The custom's sector generally upholds the objectives (i) revenue collection, (ii) security, (iii) trade facilitation. Accepting a bribe to change the nature of a product so that it would be taxed with less import duties undermines (i) revenue collection by lowering the overall amount received and (iii) trade facilitation, as it creates undue advantages that can deter other businesses from entering the market. On the other hand, accepting a bribe to accelerate the processing for a company while keeping the same taxes would only impact trade facilitation with no impact on revenue collection.

2. *Impact Magnitude*

> The stronger the influence of a single deviated decision caused by a corrupt act and/or the more systemically it occurs, the stronger is its impact.

Drawing from the outcomes of discussing the first dimension, it is furthermore important to evaluate (i) the size of the transactions involved around the decision point and (ii) the extent to which a distorted result is contained within a narrow sphere or whether it is a systemic issue.

Example: Referring back to the example given above, a single custom's officer in a small office accepting a bribe to re-categorize a product would not have a strong impact on sectoral objectives. On the other hand, if such a corrupt act happens at a major port, at points where major sizeable products pass through or happens across several offices, the degree of negative influence on sectoral objectives is much stronger. This is even more so the case if such a corrupt act is committed at e.g. the level of policy making. As this would affect a variety of processes and procedures in an even more systematic manner, the respective sectoral objectives would be negatively influenced to a large extent.

Determination

To determine the overall impact of a "deviated decision", the impact of each distorted result associated with the deviated decision need to be evaluated based on the suggested impact dimensions related to each sector, and secondly, all evaluated distorted results that fall under the selected "deviated decision" need to be aggregated to determine the "deviated decision" overall impact strength. The collective impact of the deviated decisions around a decision point should be further

aggregated. Eventually, this makes it possible to position a "decision point" on the horizontal axis of a risk heat map.

In practice, this means to consider all assessed distorted result that fall under a certain "deviated decision" and consider them *collectively* to assess the overall impact strength of this "deviated decision". This process should base on case-by-case judgments, taking into account the actual weights of distorted results in a specific context. Then the impact of all deviated decisions is collectively evaluated. The assumption should be made that all decisions around a decision point will be deviated at the same time.

3.2.3.2. Determining Likelihood

Likelihood can be defined as the probability of occurrence of a specific act.

> The assessment should answer the question: "how likely is it that a deviated decision **caused by a corrupt act will occur"?**

Deduction

The already introduced Klitgaard corruption formula posits that there are three key variables whose interplay leads to corruption: "monopoly", "discretion" and "accountability". It is inferred that the higher "monopoly" and "discretion" are and the lower "accountability" is, the more likely that a corrupt act will occur. However, while the Klitgaard formula grasps some of the key dynamics that can lead to corruption, it is not sufficient in explaining all established real-life scenarios[31]. In fact, it has been observed that corruption *does* in fact occur in settings with low levels of "monopoly" and "discretion" and strong "accountability" mechanisms in place. Also the opposite has been witnessed: in certain situations where high levels of "monopoly" and "discretion" are present within a low "accountability" environment corrupt activities *do not* happen. This leads to the conclusion that there must be other variables at play.

A more nuanced perspective on measuring the likelihood of corruption is presented by means of the "fraud scale", which connects "situational pressures", "opportunities to commit" and "personal integrity" in a dynamic interplay (for an illustration, see figure x)[32].

Figure x: The "Fraud Scale"

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31 Stephenson, M., 2014. *Klitgaard's Misleading „Corruption Formula".* The Global Anticorruption Blog [online] Available at: https://globalanticorruptionblog.com/2014/05/27/klitgaards-misleading-corruption-formula/

32 Occupational fraud includes asset misappropriation, fraudulent financial statements as well as corruption, which lets deduce that the fraud scale can be applied to the issue of corruption.
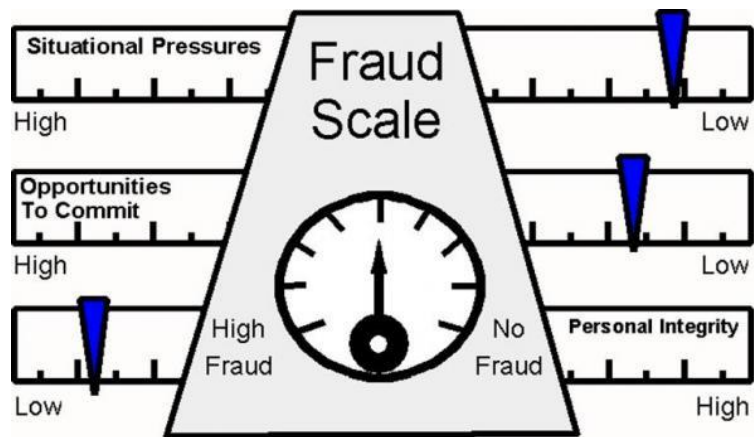
Albrecht, Howe, Romney, "Deterring Fraud: The Internal Auditor's Perspective," p6

The "fraud scale" advances the view that the higher "situational pressures" and "opportunities to commit" are and the lower "personal integrity" is as a counterbalance, the more likely it is that occupational fraud will occur. "Situational pressures", as "the immediate problems individuals experience within their environments" can here be understood as a variable that pushes towards committing corruption in the first place. In other words, the "fraud scale" reflects the observation made above that there is a variable at play that drives decision makers to engage in corrupt behavior beyond the mere chance to do so.

Furthermore, the "fraud scale" refers to these chances as "opportunities to commit", which need to be understood as the flipside of "controls". It is postulated further that "situational pressures" and "opportunities to commit" are in a dynamic interplay with each other, whose outcome eventually determines whether a corrupt act is likely to occur or not. For the sake of simplicity and comprehensiveness, the methodology would refer to these two variables as "drivers" and "restraints". Having said this, the underlying logic of the "fraud scale" lets deduce that the higher "drivers" and the lower "restraints" are, the more likely a corrupt act will occur.

In sum, this means that measuring the likelihood of a corrupt act to occur at a decision point must base on the notion that the decision to commit corruption is the result of the interplay between "drivers" that jointly push the decision-maker towards corruption and "restraints" that jointly counterbalance it. Thus, to be able to determine whether a corrupt act is likely to occur or not, measuring likelihood must base on weighing the strength of the "drivers" against that of the "restraints".

As noted above, the "fraud scale" also refers to "personal integrity" as one of its variables that affects the likelihood of corruption to occur. While it is acknowledged that "personal integrity" is of decisive importance in this context, it will not be included in the measurement of likelihood. The reason for this is that "personal integrity" is an abstract term that cannot be broken down further and measured accordingly. The methodology of the assessment is designed to account for the worst

case scenario where personal integrity is lacking, and to be applicable regardless of whether the person making the decision is honest or not, given that "personal integrity" is both difficult to measure and highly situational, and given that persons come and go, whereas the aim is to have a standard approach that is useable for purposes of institutional reform.

Nevertheless, despite the above, it is critical for reform programs to address "personal integrity" through dedicated approaches that complement the work at hand. The fact that this work focuses on institutional-based approaches and reforms does not undermine the importance of factoring personal integrity through other frameworks and approaches.

Furthermore, when breaking down "opportunities to commit", the fraud literature considers e.g. the (a) control environment, (b) control activities, (c) information & communication and (d) monitoring activities, and respectively how the lack of these factors leads to "opportunities to commit" corruption. While certain aspects of this remain relevant to corruption, most go beyond the scope of this framework as they relate to broader management considerations from an organizational perspective. Therefore, they need to be reconciled with the literature on anti-corruption.

In order to get a comprehensive list of drivers and restraints, a desktop review has been conducted combined with qualitative research methods including one-on-one expert insights, focused group discussions, and stakeholder consultations through workshops. The results have been conglomerated into the following sets of drivers and restraints.

Within the scope of this framework, the following "drivers" are suggested:

- ***Social & Political Pressures***
    - o *Family, tribe and acquaintances:* corruption manifests to satisfy social expectations, for example when being asked to secure employment for an under qualified candidate from one's family or tribe.
    - o *Political parties and groups:* corruption occurs to increase political influence. This is usually the case in polarized political situations in which a decision-maker might feel pressured to engage in corruption in order to serve the political interest of their own group of affiliation or, alternatively, to undermine the political interest of opponent groups.

- ***Economic & Financial Pressures***
    - o *Low remuneration:* In situations in which employees receive low salaries, corruption can be perceived as necessary to secure a living wage.
    - o *Lack of methods for income increase*: corruption can manifest as the only avenue to enhance one's income, as for example experienced in

the context of a fixed salary in the public sector with no potential for raise or bonuses.

- o Economic and financial instability: corruption is seen as the fastest and most effective way to protect oneself against potential future hardship.
- o *Supply/demand imbalances:* if resources are restricted in a certain context where demand outweigh the supply, access to them can become problematic. This increases the opportunity to commit corruption as persons in position of power over restricted resources are more prone to extort others for getting personal gains.

- *Regulatory & Procedural Pressures*
  - o *Unnecessary hurdles:* if regulations are too complex and thus create red tap, there can be pressures to circumvent them by engaging in a corrupt act
  - o *Lengthy procedures:* in case of procedures being lengthy, corruption can be perceived as the solution to speeding up the process
  - o *Ambiguity of procedures:* if procedures are ambiguous, they might give space for different broad interpretations encouraging corruption.

- *Nature of Transaction*
  - o *Value:* the bigger the value around a transaction, the higher the potential for private gain, and consequently the more attractive it becomes to engage in corruption as the potential of receiving significant amounts of money in one shot can be perceived as outweighing the associated threat of being detected.
  - o *Feasibility:* refers to the ease of committing corruption in practical terms. The embezzlement of a big sized piece of equipment would be extremely difficult due to its size and weight. Therefore, committing such an act would be unattractive irrespective of the item's high value. Respectively, the embezzlement of expensive small sized asset makes it easy in terms of feasibility. This would make a corrupt act rather attractive.

On the other hand, and while keeping the considerations made above in mind, a list of possible "restraints" as the counterweights to the list of "drivers" needs to be proposed, thereby seeking alignment with the preventive measures in the UNCAC as the most prominent international instrument in fighting corruption.

Within the scope of this framework, the following "restraints" are suggested:

- *Anti-corruption policy,* including
  - o *Ethical leadership:* general "tone-at-the-top" as well as respective initiation of action, including the assignment of bodies / entities to prevent and detect corruption

- o *Merit-based HR system:* policies and procedures for the recruitment, hiring, retention, promotion and retirement of public officials, as defined by the UNCAC
- o *Declaration of assets and interests:* mechanisms for asset and interest declaration
- o *Management of conflicts of interest:* the policies and procedures to prevent and / or detect conflicts of interest
- o *Whistle-blowing protection:* mechanisms that protect whistle-blower to encourage more people to expose corruption

- **Checks and balances,** *including*
  - o *Structural:* segregation of duties: within an organizational structure
  - o *Procedural segregation of duties:* segregation of the processes and thus assuring that no one has monopoly over the components of a process.

- **Information management**, *including*
  - o *Internal reporting:* preparation, sharing and revision of information on regular basis to be utilized for internal managerial purposes.
  - o *External reporting:* preparation, sharing and revision of information on regular basis for disclosure to external stakeholders.
  - o *Information systems:* application of technology and information systmes to enhance observability and controllability over processes. It needs to be noted that automation has to be embedded in strong IT governance mechanisms.

- **Audit**, *including*
  - o *Internal audit:* refers to an independent, objective assurance process to improve business processes, especially in terms of risk management, governance and internal controls. This includes performance, compliance, financial and other types of audit conducted independently by the organization itself at different levels.
  - o *External audit:* This includes performance, compliance, financial and other types of audit conducted by an independent third party.

- **Enforcement**, *including*
  - o *Sanctions*: policies and procedures that penalize corrupt behavior
  - o *Effectiveness of enforcement:* actual enforcement of established law in practice
  - o *Equality before the law:* presumption that all individuals are equal before the law, independent from positions of power

It is essential to highlight that the approach presented in this Conceptual Framework shall not only consider the existence of the above-mentioned restraints, but should also rather, consider whether those restrains are actually being applied in reality and operational on the ground. For example, having an asset declaration regime on the books is one thing; ensuring that it is being enforced and effective is

another matter that will increase the impact of the restraint in question. Ultimately, having "Restraints" in place does not work well in reducing corruption risk unless they properly applied and effective.

Beyond technical considerations, the inclusion of "restraints" as a key factor in the measurement of likelihood has the advantage of making respective outcomes more actionable for anti-corruption decision makers. The reason for this is that "drivers" are mostly out of the remit of influence of single actors / entities as they largely are rooted in broader political economy issues[33], while "restraints" can mostly be influenced in a more direct manner.

The above lists of drivers and restraints should not be considered as exhaustive and can be further expanded according to the countries' context. However, it should be noted that all of the listed points above must be analyzed while conducting the assessment to ensure consistency and comparability.

Determination

To determine the likelihood of a "deviated decision" caused by a "corrupt act" to occur, the following steps need to be undertaken. It has to be noted that the suggested approach needs to be applied to the "deviated decision" connected to each and every identified decision point

1. Considering "drivers" and "restraints"

This step has the objective to catalogue the "drivers" and "restraints" that can affect the likelihood of "deviated decision" to happen.

As presented above, the following are the clusters of direvers and restraintsto be taken into consideration:

List of Drivers	List of Restraints
• Social and Political • Economic and Financial • Regulatory and Procedural • Nature of Transaction	• Anticorruption Policy • Checks and balances • Information management • Audit • Enforcement

For the determination of "likelihood", the suggested categories will be evaluated based on the collective consideration of their sub-items. In practice, this means for example that the category "social and political" will be evaluated based on a discussion of whether "family, tribal and acquaintances" and "political parties and groups" play a strong or weak role in pressuring to commit corruption. The same applies for the collective assessment of the control categories like "information".

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[33] Zaum, D., 2013. *Political Economies of Corruption in Fragile and Conflict-Affected States: Nuancing the Picture*. U4 Brief [pdf] Available at: http://www.u4.no/publications/political-economies-of-corruption-in-fragile-and-conflict-affected-states-nuancing-the-picture/

2. *Evaluating "drivers" and "restraints"*

The relative strength of both "drivers" and "restraints" in relation to a selected "deviated decision" needs to be assessed. Towards this end, it is firstly necessary to evaluate the *presence* as well as degree of *strength* of all "drivers" and "restraints" with regards to the selected "deviated decision".

While quantitative numerical rating of drivers and restraints is thought to be a standardized less biased procedure, it renders the evaluation process to a non-flexible mathematical exercise where the primary purpose is deducing the correct score. Moreover, a substantial number of drivers and restraints are difficult to quantify. Another point of consideration is that different drivers and controls have different weights, for example a single information management system can outweigh all other drivers and restraints. On the other hand, a qualitative analysis uses expert and stakeholder "judgment" to evaluate the drivers and restraints allowing the process to retain focus on its primary goal. It is important to note that qualitative analysis is more prone to subjectivity and biases. However, these biases can be overcome through several methods such as selecting diverse multi-stakeholder groups, triangulation using several available data and studies. As a policy reform tool, using qualitative tools and judgment is found to be a better approach to assessment.

3. *Putting the collective strength of "drivers" and "restraints" into relation*

Having evaluated the strength of "drivers" and "restraints" around each deviated decision, they need to be put further into relation to one another in order to be able to make conclusive statements about the overall likelihood of a "deviated decision" to happen. In practice, this means to determine how, for example, the combination of the drivers and restraints collectively affect likelihood. It should be noted that drivers and restraints cannot be directly set off against one another, due to them possibly carrying different weights. Therefore, respective evaluation needs to acknowledge real-life complexities and collectively weigh them. The overall likelihood of all deviated decisions around a decision point should be aggregated. Eventually, this makes it possible to position a "decision point" on the vertical axis of a risk heat map.

3.2.3.3. Relating Outcomes on the Risk Heat Map

As previously clarified, to reach a level of analysis that enables the design of interventions to prevent corruption, the assessed "deviated decisions" need to be aggregated to the level of their original decision points, thereby quasi collectively becoming the "decision points" risk profile. After having determined "impact" and "likelihood", respective outcomes can be used to map the "decision points" on the heat map

In practice, this means to combine for example a decision point with potential of deviation of "medium" impact with a "strong" likelihood, which would lead to the respective "decision point" being located on the map as follows:
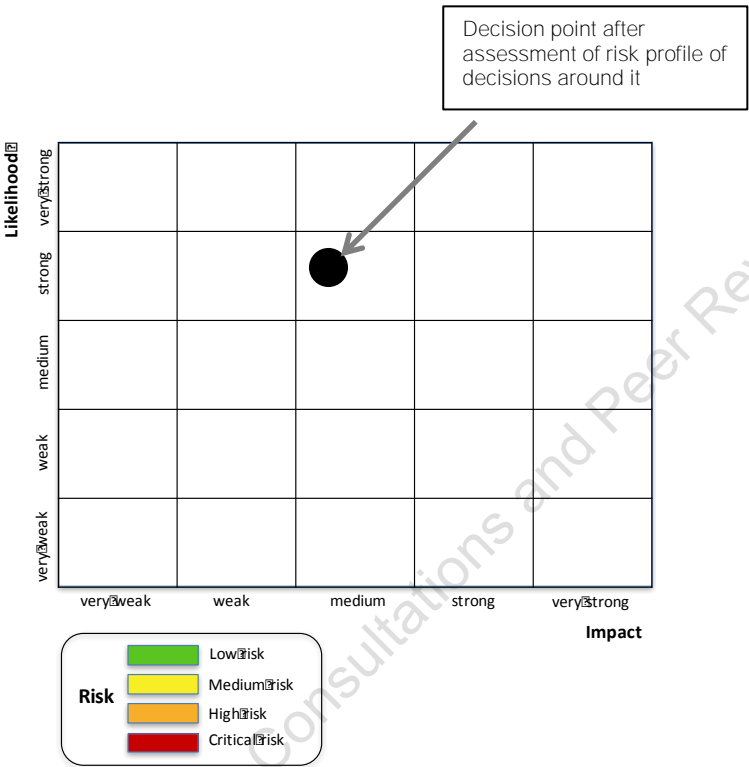
Such a position would lead to the conclusion that there is a "high" risk connected to this "decision point".

4. Considerations for Implementation

To be able to successfully translate the presented framework into practice, further effort has to be undertaken towards making it actionable. Furthermore, several factors surrounding the implementation process in itself need to be considered. The following sections will elaborate on both issues respectively.

4.1 Prioritization of interventions

To enable further utilization of the risk heat map and move into action prioritization, a risk threshold can be put on the heat map to mark the line where the decision points could be considered. For example the policy makers might consider decision points falling above the high and critical risk line to be prioritized.

Another perspective for prioritization is "risk tolerance". Risk tolerance in this context can be defined as the willingness of decision-makers to accept or avoid risk.

Its critical importance derives from the fact that a deviated decision with a low risk can still be of high priority due to associated low risk tolerance based on the judgments of policy-makers.

A concrete example for such a case would be that a low risk at the decision point "conducting medical procedures" with the deviated decision "prescribing low quality medicine", which might be of a low risk in certain contexts, but at the same time, there is zero tolerance around this decision point as any potential harm to patients should be avoided under all circumstances. Thus, this decision point would still be of high priority despite its risk profile. The other way around, decision points with a medium or high risk profile could be of low priority if the risk tolerance is defined accordingly. An example of that is countries that do not consider revenue collection from customs as important, so if there are high risk at that area, it still can be tolerated.

Risk tolerance cannot be determined for all deviated decisions through a blanket approach as it might differ from one sectoral objective to another. A respective exercise therefore should be conducted for the clusters of deviated decisions that fall under each of the identified sectoral objectives.
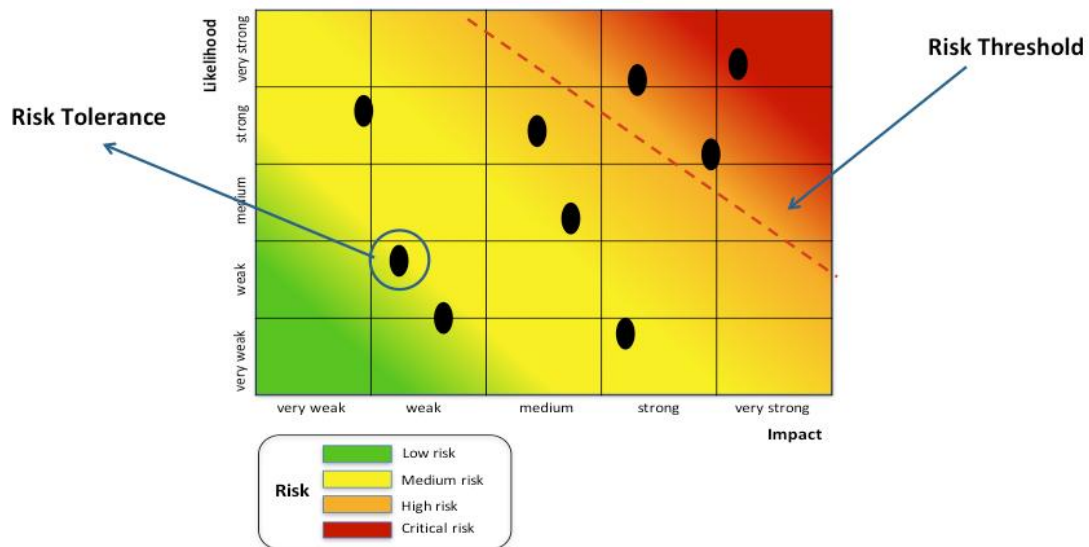
After having determined what are the decision points that will be targeted for mitigation, deciding which mitigation strategy to adopt is a complex process that depends on multiple criteria. Hence, the use of heuristic or intuitive approaches to simplify complexity will not be sufficient. This indicates the need for rational and transparent approaches to priority setting that takes into consideration multiple criteria. Therefore, to ensure the applicability and effectiveness of these interventions, the prioritization exercise should be performed taking into consideration several criteria including practical and budgetary constraints and political constraints.

4.2. Development of Sectoral User-Guides

While the presented framework sets the tone and broad direction for further action, it by nature stays at a certain level of abstraction. To be able to engage in concrete efforts on the ground, the overall approach needs to be converted into material that zooms into the particularities of a variety of different sectors. Such material should be used later on by reformers and decision makers in different countries to create their own evidence and design appropriate responses. Potential sector examples are: healthcare, customs and education.

The respective user-guides, training modules and other supplementary material for each sector would include:

i. *Presentation and explanation of risk assessment approach and tools:* to ensure user-friendliness, the overall purpose and methodology of the risk assessment approach are to be explained and enriched by hands-on tools that can capture the characteristics of the sector to be assessed.

ii. *Identification of sector objectives and potential areas of impact:* as these are specific to each sector

iii. *Identification of relevant key decision points:* as these are likely to vary substantially between sectors, they have to be distinctly determined within each sectorial guide.

iv. *Identification of deviated decisions initiated by corrupt acts:* according to each identified decision point, suggestions for respective deviated decisions are to be presented. Based on the targeted outcomes for the decision points the potential distorted outcomes resulting from the deviated decisions are identified.

v. *Presentation of potential mitigation measures:* to further support implementation, selected examples how the most prevalent risks can be successfully targeted should be included.

The sectorial user-guides thus aim to discuss sector specifics. They can be understood as the bridge between the presented framework and concrete actions on the ground by zooming into sector particularities and equipping reformers with the right tools and building their capacities on using them.

4.2. Application of User-guides to a Specific Country-Context

Subsequently, the sectorial user-guides need to be applied to a specific country-context and modified accordingly. Taking, for example, a user-guide for the healthcare sector to Morocco would require an evaluation of how the material contained in the guide matches the specific characteristics and status quo of the

Moroccan healthcare sector. The application process of the user-guides needs to undergo the following steps (see figure x):

i. *Creating national multistakeholder taskforces:* as the support and inputs of stakeholders are crucial for the implementation of the sectoral guides, it is recommended to create a multi-stakeholder national taskforce or platform to take the lead on the corruption risk management process. This step is also important in creating national ownership of the process and ensures long-term sustainability. It is recommended to have members in the taskforce from a diversity including the anticorruption community and the sector at hand.

ii. *Matching between suggested key decision points and country-context:* as sectoral settings can differ substantially from country to country, it is important to firstly identify decision points based on the methodology presented to reflect the arrangements in the country in question or the selected areas. This exercise should try as much as possible to stick to the decision points and the methodology offered in the sectorial guides to allow a certain level of consistency and avoid confusion.

iii. *Taking stock of what constitutes a corrupt act:* legal frameworks and cultural perception related to corruption vary from country to country. This makes it necessary to define what acts precisely will be understood as corruption and thus become relevant for the assessment process.

iv. *Definition and prioritization of sectorial objectives:* this refers to the analysis of sectorial functions and the discussion of what domains are more pressing than others in the country-context in question

v. *Conducting the risk assessment process and developing a risk heat map.*

vi. *Consultations around the risk heat map*: this needs to include a discussion of prioritizations and the development of appropriate responses.

vii. Building mitigation mechanisms and developing strategies and action-plans for implementation.

4.3. Training on User-Guides

To further support implementation and create a community of practitioners, training modules would support the user-guides. This way, anti-corruption leaders and decision makers as well as their equivalent from the sectoral level can gain a deeper understanding of the issues at hand as well as the suggested approach to fight corruption. Eventually, this should help in the creation of a community of practitioners who have ownership of applicable tools. The training materials can be applicable to all sectors cross-cutting between different sectorial guides. There would be other materials specific to a single sector context and some specifically tailored to a country context. The training modules can be tailored and furthered developed based on the needs of each country.

4.4. Anchoring Implementation in a Process

The above-mentioned activities towards making the conceptual framework actionable need to be anchored in a process to ensure effectiveness and sustainability[34]. This includes the following dimensions:

4.4.1. Stakeholder Mapping and Consultations

Proper stakeholder mapping and on-going expert and stakeholder consultations need to be considered key for ensuring that implementation reaches maximum effectiveness.

As a first step when moving into implementation, a systematic stakeholder mapping needs to be undertaken. It is essential to create an overview of the stakeholder arena and is the right tool to determine their relative characteristics, for example their interest, knowledge about the topic, influence (see figure x for an illustration of influence-interest grid). Respectively, engagement strategies need to be developed which take these factors into account and thus can secure continuous support, cooperation and buy-in.

Figure x: Power-Interest Grid
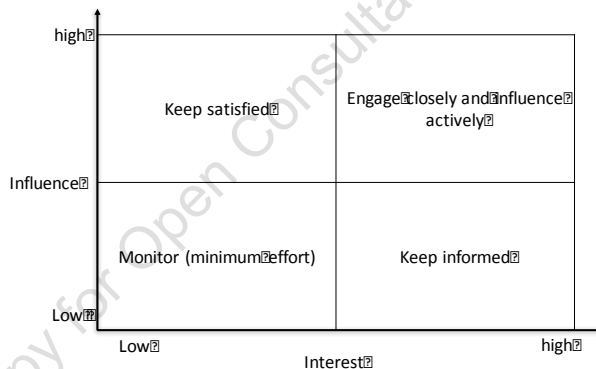
Building on the outcomes of the stakeholder mapping exercise, implementation should be anchored in consultations with stakeholders from both the anti-corruption arena as well as from the sectoral level. As outlined, the topic of fighting corruption at the sectoral level requires the creation of a common understanding among and consensus from a variety of different expert and stakeholder groups. This requires a frequent exchange of information and on-going discussion which can be secured through regular consultation.

Furthermore, such consultations are essential for the implementation of the user-guides at the country-level, as established above. Expert insights would

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[34] United Nations Development Program, 2011. Tackling Corruption in Sectors that Delivery Essential Services to the Public in the Arab States Region.

specifically be substantial for the identification of key decision points as well as during the entire risk assessment process. In the spirit of conducting on-going efforts instead of one-off activities, it is important to host regular consultations to be able to update outcomes of the risk assessment process, as well as push forward broader risk management efforts, if desired.

4.4.2. On-going Risk Management

While this framework focuses on risk assessment, its content should be considered within the larger umbrella of risk management when taking it into implementation. Reformers and other decision makers are encouraged to use the framework and further material developed based on it as part of a full-fledged risk management process. Continuity of efforts are of high importance in this regard.

The issue of continuity is essential as risk assessment by nature can only analyze a status quo and is in practice often perceived as a one-off undertaking. This implies the danger that respective outcomes can become irrelevant or even misleading relatively quickly. In fact, the likelihood of a corrupt act to happen and its impact can change, especially in settings that are characterized by frequent changes in actors, policies and public perception. The Arab region has witnessed a variety of fundamental shifts in government, public administration and policy direction since 2011 and while increased stability is sought-after, it is unlikely that fully static conditions will emerge in the near future. This makes an on-going risk assessment process in the context of fighting corruption in the Arab region even more pivotal to success.

While this is the case for risk assessment, it also applies to the larger concept of risk management. Not only have the analytical results to be updated regularly and in light of recent events, but also mitigation efforts need to be designed in a way that fit into their larger and ever-changing economic, political and social environment. The continuous assessment will also allow for monitoring progress and evaluating the implementation mechanisms over time

Therefore, it is recommendable to have ***regular discussions around the risk heat map*** and to ***match the routinely identified and respectively assessed and prioritized risks with the best suitable actions.*** This would lead to the development of a so-called "risk remedy" map (UNDP, 2011). A risk remedy map can be designed as follows (figure x)

Figure x: "Risk Remedy Map"

Decision Point "Granting A License"	Corrupt acts	Deviated decisions (exemplary)	Remedies (exemplary)

Development of standards and procedures *Identified as: High Risk*		• Intentionally weak and/or lax phrasing • intentionally over-complicated	• Development of key requirements by an independent working group • Publication and public discussion of standards and procedures • External, independent audit, including benchmarking
Application of standards and verification *Identified as: Medium Risk*		• Denying enforcement • Arbitrary judgment • Partial enforcement	• Strengthening of internal controls and creation of respective incentives • Strengthening of oversight bodies • Need for public justification for decision making
Issuance of license *Identified as: High Risk*		• Prohibiting a license for certain categories • Issuance without applying procedures (by-passing) • Delaying without justification • Issuance contrary to standards/ procedures	• Need for public justification for decision making • Development of comprehensive and specific quality criteria and respective checklists • Creation of standardized processing times and communicating them • Creation of incentives for speedy processes; predictable punishments for unjustified delays • Creation of independent agency to undergo inspections to secure that standards / procedures are implemented as reported

4.4.3. Resource Planning

Proper implementation requires the availability of appropriate funds. To work towards the assurance of financial resources, it is of high importance to engage in sound costing and calculate other resources needed prior to implementing the framework.

This is especially the case with respect to the application of the sectorial user-guides at the country-level, where considerable work has to go into the analytical process, with special emphasis on the on-going risk assessment and mitigation exercise as well as stakeholder consultations around it. The availability of proper financial and technical resources to support these activities is essential.

Therefore, sound cost estimations and calculation of all other resources needed have to be undertaken when moving into implementation. If sufficient funds can be allocated accordingly, the focus can stay on how to carry out corresponding activities most efficiently and effectively. If there is a lack of financial resources apparent, there first needs to be an emphasis on fundraising first.

Resource restrictions can thereby also impact the prioritization of activities, potentially leading to phased approaches. Responses to high risks that are rather cost intensive might in reality be needed to be put on hold until funding is secured, while less pressing but also less expensive activities can be put forward right away. Interventions needing sophisticated technical approaches can be put on hold till the expertise is created or made available. It is also recommended to calculate the financial and nonfinancial return on investment for the targeted interventions. In such cases, an open discussion with the wider stakeholder arena and the public at large should be sought-after to ensure transparency and manage expectations.

4.4.4. Targeting Reform Synergies

When applying the user-guides at the country-level, it needs to be ensured that respective actions do not conflict with other reform efforts. On the contrary, the creation of synergies should be targeted to increase potential impact. This means to consider teaming up with reform initiatives which do not tackle corruption explicitly or directly, but are concerned about the same actors, institutions, policies or processes. Reforms happening on the sectorial level need to be integrated into the reform plans.

In scenarios of overlapping reform efforts, it can be recommended to select a Lead Agency — most likely the line ministry of the sector — to coordinate activities with the wider stakeholder arena. It needs to be kept in mind that interest and momentum have to usually be maintained over several years. In support of this, the establishment of a technical working group or a steering committee can be helpful.

4.4.5. Tracking and Communicating Progress

While most reform projects usually respond to reporting requirements from a project management perspective, including follow-up on activities, timelines, resources and actors, there often is a lack of focus on measuring the impact of the implemented measures.

As underlined above, on-going risk assessment activities are essential for the successful implementation of this framework. However, the outcomes (risk heat map) of the initial risk assessment exercise can also be used to track the progress of implementation, thereby employing it as the baseline scenario against which future outcomes can be matched. A lowering of the position of risks on the heat map can thereby be considered as indicating progress.

Such achievements should be communicated to both the general public as well as to the larger stakeholder environment that was part of the development and application process of the user-guides. This would ensure continuous support and engagement. If interim objectives are not reached, communication activities should follow the same scheme, but including relevant justifications. Typically, sub-optimal outcomes would necessitate certain changes in reform design, including the proposal of new activities, or already running efforts to be discontinued. Such shifts in approach or prioritization need to be widely communicated and explained to ensure on-going support.

5. Concluding Remarks

[To be developed pursuant to the findings of the open consultation and peer review process scheduled to be completed by 31 August 2018.]

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