Risk Assessment as a Corruption Prevention Tool

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Main issues

• Be clear about objectives

• Avoid “overformalistic” assessments

• Be specific!
Corruption Risk Assessment: what do we mean?

• Aim:
  – To identify factors that cause - or make more likely to occur - corruption/related poor conduct within a specific context (institution/sector/process)
  – Note: distinguish between
    • Assessment of vulnerability of institution to corruption (e.g. passport authority)
    • Assessment of capacity to prevent/tackle corruption elsewhere (e.g. courts)

• Where is it appropriate to conduct one:
  – To identify problems in a specific sector/institution
  – Identify risks in a particular group
  – Self-assessment or external assessment – advantages to both
  – The bigger the unit, the less viable risk assessment becomes!

• To identify risks, need to identify problems
Risk assessments – 2 extremes

1. Assess compliance with international standards
   - Formal institutional/legal assessment
   - No attention paid to actual problems of conduct (e.g. how much corruption there actually is)
   - GRECO 3rd Round Evaluation: Albania vs Sweden

2. “Identify local problems, find local reasons”
   - International standards/’good practices’ ignored
   - ‘Let the assessment take you where it takes you’
Risk assessment: ideal methodology

• Extreme variants both have problems
  – Compliance assessments tend towards formal frameworks, assuming that same solutions are appropriate everywhere
    • GRECO 3rd Round Evaluation on Albania vs Sweden
  – Local focus: OK, but international standards/good practices are also useful for inspiration

• Middle way is better:
  – Identify problems that are occurring
  – Identify factors that facilitate these problems/make them more likely in local context
  – Draw on international experience/good practice where relevant and appropriate
Specific risk assessment objectives: 1

Identify problems that are occurring:

– Not just corruption!
  • Difficulty of definition
  • Corruption goes hand-in-hand with other types of conduct that are probably easier to observe
  • Same conduct might be corrupt or not (e.g. leaking information)
  • May not be the biggest problem!

– Poor conduct that undermines the performance of an institution’s public service function
  • Corruption (bribery, trading in influence, nepotism)
  • Other ‘self-interested behaviour’ (e.g. rudeness, arbitrary treatment, obstructionism)
  • Conduct that is result of external pressures (e.g. political)
Describe problems precisely

• e.g. Corruption
  – What kind of corruption?
  – Incidence, depth (how many officials, what levels), breadth (how important are the decisions affected)
  – Who is initiating/what is the dynamic?
    • E.g. Doctors demanding bribes as a condition for service VS. Powerful investors corrupting procurement officials with irresistible offers
  – Is corruption opportunistic or embedded in culture of institution
  – See workshop/training materials in references
Specific objectives: 2

Identify factors that cause or may make more likely poor conduct

• E.g. Klitgaard formula:
  – Corruption = Monopoly + Discretion – Accountability
  – Problematic!

• Broader institutional focus needed:
  – Reflecting broader concept of poor conduct
  – Independence/autonomy (vs discretion!)
  – Working environment
  – Institutional culture
  – CoE Methodology Guide Questionnaire provides examples (see references)
  – Key/background factors underpinning good conduct, rather than ‘mechanisms to prevent corruption’
Methods

• Existing materials and research
• Law and regulations
• Direct observation
• “Proxies”
• Surveys: perception, experience
• Interviews
• Most often:
  – Reliance on existing materials and/or surveys, laws/regulations plus targeted interviews
  – Beware tendency to mix assessment of risks with assessment of conduct
Proxies

• Highly important component of corruption/anti-corruption research
  – ‘Risks’ (e.g. in legislation) often tend to be assumed to result in problems (e.g. corruption) – be careful

• Proxy = a variable assumed to be correlated/related with corruption or other poor conduct
  – E.g. waiting times, no. of officials who must be visited to get a permit, customs/tax revenue,
  – See Klitgaard formula

• Be careful with proxies!
  – Correlation should not be assumed automatically
Finding the appropriate focus

• Focus will vary by institution/sector:
  – E.g.:
    • Ministry of Transport: corruption in highway procurement; focus on procurement and links to political parties?
    • Passport authority: petty bribery/facilitation payments; focus on procedures and supervision?
    • Business licensing: petty bribery for licenses; focus on licensing regulations (corruption proofing?), supervision
    • Education: more attention to framework for underpinning professionalism (e.g. Albania)
    • Judiciary: professionalism, independence vs accountability….!

• Identify areas of focus with preliminary study
Sources

• EU/CoE Project Against Corruption in Albania, *Risk Assessment Methodology guide*

• EU/CoE Eastern Partnership Project on Good Governance and Fight Against Corruption,
  – *Risk Assessment: Typologies of Underlying Causes of Corruption*:
  – Presentation/materials for Workshop/Training on Corruption Risk Assessments:

• Group of States Against Corruption (GRECO) Third Round Evaluation Reports:

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