

---

## Corruption Risk Assessment Topic Guide

---

### Contents

- What is corruption risk assessment?
- Purpose and context of the assessments
- Assessment approaches
- Data sources
- Key issues and challenges
- Examples of promising practices

### What is corruption risk assessment?

Corruption risk assessment is a (diagnostic) tool which seeks to identify weaknesses within a system which may present opportunities for corruption to occur. It differs from many other corruption assessment tools in that it focuses on the potential for - rather than the perception, existence or extent of - corruption. At its core a risk assessment tends to involve some degree of evaluation of the likelihood of corruption occurring and/or the impact it would have should it occur.

### Purpose and context of the assessment

The purpose of a corruption risk assessment is usually to supplement evidence of actual or perceived corruption in a given context in order to inform anti-corruption strategies and policies or for advocacy purposes. It can also serve as a baseline for anti-corruption work to track changes in risks over time. Corruption risk assessment can be applied at all levels from government institutions, to donor support programmes, down to sectoral programmes, as well as in individual organisations or units. It is often undertaken as part of a larger corruption assessment exercise.

### Assessment approaches

As a general rule most corruption risk assessments take an institutional approach, ie they aim to identify weaknesses in (the enforcement of) rules and regulations in the institution, sector and/or process under analysis. Beyond this, however the conceptualisation of risk varies from tool to tool, for example:

1. Corruption risk is equated with the set of institutional vulnerabilities within a system or process which might favour or facilitate corrupt practices<sup>1</sup>
2. Measures of institutional vulnerability are combined with data on perceptions and/or experience of corruption as a proxy for corruption risk<sup>2</sup>

---

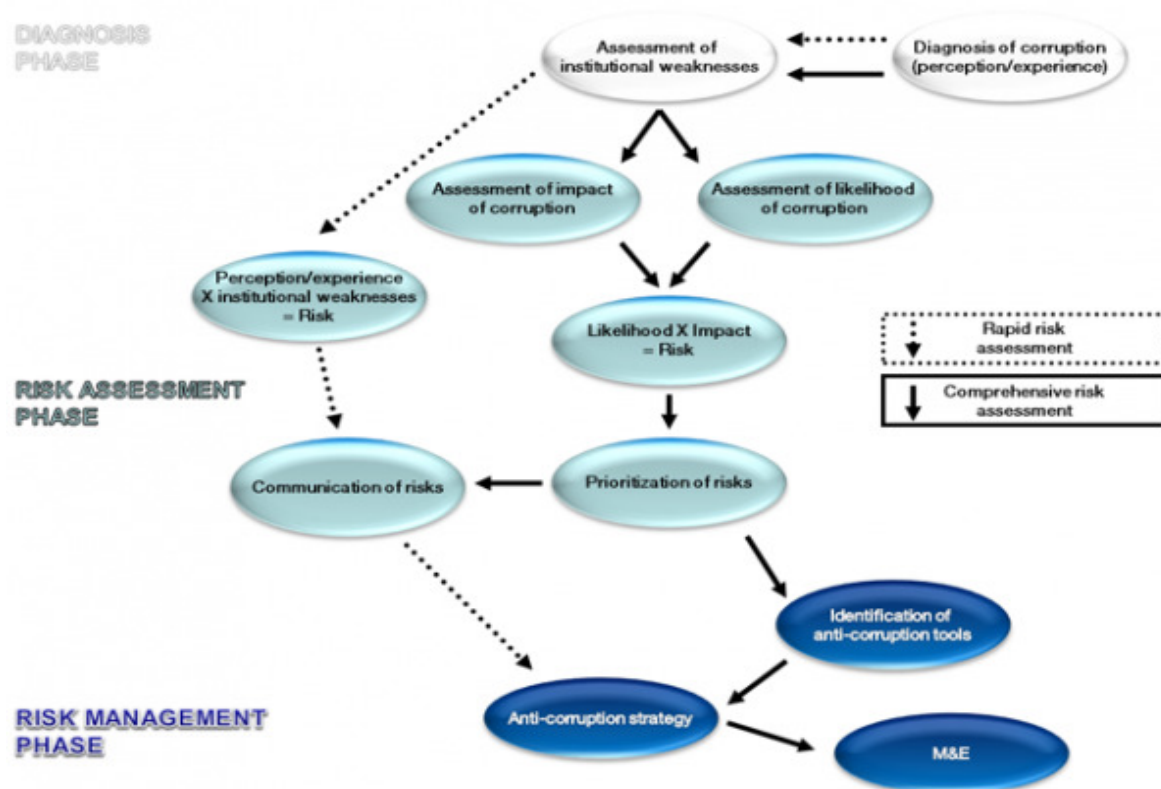
<sup>1</sup> e.g. TI - Procurement Risk Map, Centre for Combating Economic Crimes and Corruption – Moldova's Corruption Risk Assessment in Public Institutions

<sup>2</sup> e.g. TI - Transparency and Integrity in Service Delivery in Africa (TISDA) Risk Map

3. Risk is expressed as a factor of the likelihood of corruption multiplied by the impact of corruption<sup>3</sup>
4. Objective risks (weak institutions and regulations) are differentiated from subjective risks (tolerance to corruption, personal motivation, weighing up of costs/benefits, past experiences)<sup>4</sup>
5. Corruption risk is understood as a factor of the level of transparency and level of fairness in a process<sup>5</sup>
6. Corruption risk is understood as the difference between actual and ideal systems<sup>6</sup>

Thus the sophistication of risk assessments ranges from identification of corruption (or integrity) and/or institutional weaknesses/gaps as an indicator of risk of further corruption, to an analysis of the impact and estimation of the likelihood of corrupt practices. Moving from the identification of risks to 'actionable' information, further stages in the assessment may include prioritization of risks, identification of tools to address the identified risks, and guidance on the development anti-corruption strategies (although strictly speaking the latter stages are beyond the scope of a 'core' risk assessment) (see figure 1 below). In many cases, the first stage serves to identify broad risk areas (usually through secondary sources) which are then analysed in more detail in the second stage. In some cases, intermediate steps in the analysis are left out, such as the assessment of impact and likelihood of corrupt practices. In other cases the analysis stops at the risk identification stage, or even at the point of identifying 'institutional weaknesses'.

Figure 1: Possible elements of a corruption risk assessment



<sup>3</sup> e.g. WB - Governance Analysis Toolkit for Customs and Border Management, TI - An Analysis of Corruption in the Forestry Sector, ADB - Addressing Sector Governance and Corruption Risks in Infrastructure Projects

<sup>4</sup> e.g. Proetica - Corruption Risk Maps in Peru

<sup>5</sup> e.g. Business Anti-Corruption Portal - Public Procurement Due Diligence Tools

<sup>6</sup> e.g. TI - Procurement Risk Map

It is worth noting that the different elements of a risk assessment identified above may be more or less appropriate for different levels of analysis. Broadly speaking, an analysis of the overall governance context and assessment of institutional vulnerabilities are most useful for sector-wide or national level risk analysis, whereas deeper analysis of actors and relationships are particularly important for programme/project level analysis.

The results of a risk assessment can be presented in a number of ways. In some cases, risks are visualised through a corruption risk map which highlights key stages, actors and/or relationships in the process under analysis. Another visual tool is the corruption risk matrix which is often used to prioritize risks (see figure 2 below). More often than not however, results are either presented in tabular form or as a checklist. Where the risk assessment is part of a broader risk management framework, these inform what preventative action needs to be taken to mitigate the most critical risks.

*Figure 2: Basic risk matrix*

Likelihood of corruption →	Medium risk	High risk	High risk
	Low risk	Medium risk	High risk
	Low risk	Low risk	Medium risk
	Impact of corruption →		

One of the key benefits of corruption risk assessment is that it can compliment evidence of corrupt practices to give a better understanding of the corruption situation in a given context. Moreover, corruption risk assessments can serve to visualise the relationships between different risks and actors and identify specific areas where limited resources can be most effectively channelled.

Unfortunately, guidance on how to assess the specific level of risk is often weak or non-existent. There is often an implicit assumption that low capacity and weak institutions/regulations are more likely to foster corruption, but the level of risk that these weaknesses yield is not always explicitly assessed. In many cases what is termed a risk assessment is in fact an attempt at detecting the incidence and extent of corruption. The focus is on the extent to which identified corrupt practices might affect performance (ie risk of negative impact of corruption) rather than the existence of conditions which may facilitate corrupt practices.

Furthermore, attributing risk, however defined, generally relies on the judgement of (internal or external) experts. Yet the basis on which judgements are made is not always explicit. One exception is TI's Corruption in Forestry tool which includes a set of criteria for estimating the impact of a practice in terms of social, financial and governance indicators and which bases the likelihood of a practice occurring on an assessment of existing legislation and the extent to which it is being implemented.

### Data sources

Most corruption risk assessments use a combination of secondary sources (legal-institutional analysis and desk research) and primary sources (household surveys and questionnaires, focus groups, key informant interviews, checklists). Secondary sources are often used in the preliminary stages to give a picture of the overall governance environment in a country, institution and sector, or to identify priority risk areas. Primary sources are used for deeper analysis of the more critical corruption risks (or perceived risks). In addition some form of expert analysis is usually required to assess the level of risk (e.g. likelihood and probability of corruption).

### Key issues and challenges

Corruption risk assessments do not need to be too resource intensive. In contrast with tools which aim at establishing the incidence, scope and forms of corruption, much of the data required for risk assessments can be collected from existing sources although some additional primary sources may be needed for the specific system/process under analysis. Nevertheless, it may be that some data is difficult for 'outsiders' to access, for example it may be particularly difficult for a civil society organisation to get reliable information on the extent to which regulations are enforced within a government institution.

Using the informed opinions of those closely involved in the process under analysis can serve as a useful proxy for such data. It is important to recognise that the selection of stakeholders who are consulted as part of the assessment will have an important bearing on which risks are identified and prioritised. For example, an informant working for a government agency may well have a very different perspective on which risks are most prevalent as compared to a civil society or community representative.

In light of these considerations, an important conclusion is that the outcomes of – as well as the resources required for – a risk assessment will depend largely on: a) who is undertaking the assessment and who is consulted, and b) which of the possible elements outlined in figure 1 are included.

### Examples of promising practices

- Actionability: The World Bank's Governance Analysis Toolkit for Customs and Border Management combines the level of corruption risk (Corruption Opportunity Index) with an assessment of the level at which risk can be managed (Corruption Vulnerability Index) and the number of actors responsible (Governance Responsibility Index) in order to target the most important and easiest to implement governance reforms. Thus the most 'actionable' risks are those with a high opportunity score and low vulnerability and responsibility scores.
- Cascading approach: A number of risk assessments, especially those which relate to donor support, are undertaken in the context of a broader governance risk management framework, usually to inform country assistance strategies. A common

approach is to look at how risks ‘cascade’ from country-level, down to sector level and then programme/project level with the analysis at each level informing/providing context for the one below. A further step is then to assess the extent and likely success of government action to address priority risks<sup>7</sup>.

- Relationships and value chain analysis: A number of tools focus on corruption risks in terms of actors, relationships and interactions, or conduct a value chain analysis to pinpoint areas where corruption is most likely to occur<sup>8</sup>. The benefit of this approach is that it highlights specific ‘hotspots’ where action to reduce risks can be concentrated.

**All tools referenced in this guide are accessible via the gateway tool database:**

<http://gateway.transparency.org/tools>

---

<sup>7</sup> e.g. ADB - Guidelines for Implementing ADB’s Second Governance and Anticorruption Action Plan (GACAP II): Cascading Risk Assessment Approach, WB - Deterring Corruption and Improving Governance in the Electricity Sector

<sup>8</sup> e.g. TI - Transparency and Integrity in Service Delivery in Africa (TISDA) Risk Map, ADB - Guidelines for Implementing ADB’s Second Governance and Anticorruption Action Plan (GACAP II): Cascading Risk Assessment Approach

**Author:**

Andy McDevitt, Transparency International

**Reviewed by:**

Kristof Gosztony, European Stability Initiative

Finn Heinrich, Transparency International

**Date:**

July 2011

<http://gateway.transparency.org>

The GATEway project is co-funded by the European Commission and the United Nations Development Programme.

