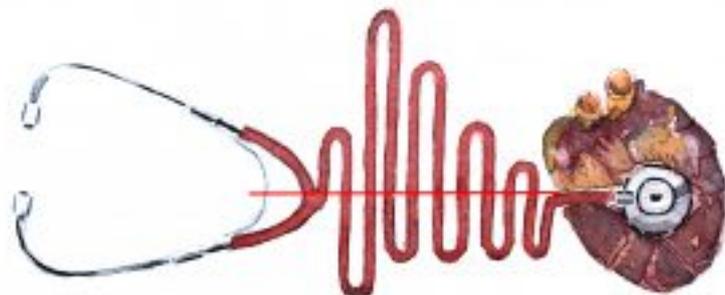# 1. Sector-specific corruption types and context

USING THIS GUIDANCE

Read the summary and the detailed guidance to analysing sector-specific corruption types and their context below. Navigation is via the Contents list on the sidebar to the left. Or you can download this Guidance to STEP 1 as a pdf.

SUMMARY OF STEP 1 GUIDANCE

We suggest you start by understanding in detail the different corruption types that you are faced with. You can do this in the following way:

1. Look at the template of sector corruption types in our review and adjust these according to your situation.

2. Gather available data. We suggest that you do this first at a macro level, to get a sense of which corruption issues are big or small across the sector, across countries, across different regions. Often there is a lot of such macro data publicly available. Then, gather available data at the micro level, local to you.

3. Decide if it would help to do a formal analysis of the corruption types and the levels of corruption risk. This takes time but gives you a thorough baseline for your reforms. It also serves to show the level of danger and damage from corruption to staff and to the public.

4. Consider doing an analysis of the levels of support and opposition that you can expect. This is called a 'political economy analysis'.

5. Prepare for the later step in which you develop your strategy (Step 4) by thinking about which the best 'entry points' are likely to be – certain corruption types, regardless of scale, merit being tackled first because they are the most likely to build momentum and/or enable further reform. This choice of starting point is hugely context dependent.

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1.1 SECTORS AS THE PRIME UNIT OF ANALYSIS

Most corruption analysis has been done at national level. This has a major drawback – nations are complex, and corruption is multi-faceted, so it is hard if not impossible for the reforms to be well targeted. Working at sector level allows the detailed corruption issues and the political dynamics to be unpacked, so that remedial work can be focused at an appropriate scale and level of detail. Our experience – and belief – is that the differences between sectors are large and significant. These sector differences are often bigger than the corruption differences between one country and another.

Working within a sector also allows the reformers to share problems and solutions within their sector across regions and countries. There are international professional links within almost all disciplines – the medical profession, policing, education, agriculture, telecoms, banking, etc – all have multiple forums where professionals in that sector get together. Common ways to tackle corruption form a natural part of those discussions. Several sectors have already started down this path, with active sector-specific international collaborations, such as in mining, in defence and in education.

What is a 'sector'? Read more

When we talk of sectors, we mean the separate structures and functions through which national life operates. 'Structures' includes the legislature, the judiciary and the civil service. 'Functions' includes public sector functions (the health sector, the education sector, police services, public financial management, public procurement, state-owned enterprises, etc.), economic functions(telecommunications, mining, construction industry, shipping, etc.) and the multiple public-private systems that span both public and private (sport, infrastructure projects, national heritage, land & property, etc). Our classification of economic sectors comes, with adaptation, from the Industrial Classification Benchmark.

We consider private industry as a sector, in addition to considering its role within each of the functional sectors. We also pragmatically consider sub-national government as if it were a sector, though it shares the multi-sector responsibilities of a national government. This is because the specificities of tackling corruption in local governments, especially in cities, often have more in common with other cities and local governments around the world than within their country.

1.2 DIFFERENTIATION WITHIN A SECTOR

Corruption is not one phenomenon, but many different sorts of abuse, minor and major, all aggregated together. Differentiation between the different types of corruption is essential in order to tailor the reform measures to the specific problem. For example, in policing, there will be various forms of corruption at a high political level, such as allowing organised crime in specific areas or ensuring that independent oversight is permanently weak; corruption in the management of the police service, such as improperly promoting some officers or permitting officers to stay in lucrative positions; corruption and lack of integrity in personal behaviour, such as evidence tampering or demanding illegal fines; and so on. Similar differentiation exists in every sector.

How we differentiate different corruption types – Read more

We differentiate the corruption types in the following four ways:

First, we separate corruption types that are different from one sector to another by treating each sector differently – this is the basis of CurbingCorruption. For example, the corrupt police behaviour examples above are quite different from pharmaceutical-related corruption types within

3

the health sector, which again are very different phenomena from the corruption in relation to passing school exams within the education sector.

Second, whilst some of the corruption types are clearly sector-specific, as discussed above, seemingly generic corruption types also have significant differences from one sector to another. For example, the corrupt diversion of salaries en-route from the ministry to the worker or promotions that are driven by corrupt payments not by merit. Whist these look to be similar phenomena, the modalities by which the corruption takes place and is facilitated are usually very different in one sector from another. The reforms are similarly likely to be different from one sector to another. Our experience is that this is true for all the 'generic' types of corruption, whether it be corruptly influencing policy, favouritism in appointments and promotions, small-scale facilitation payments, and so forth.

Third, we try to be reasonably specific about the corruption type, so that you can start to direct remedial actions against it. So, 'corruption due to a non-meritocratic civil service' would not be a corruption type because it is so broad. Instead, we break it down into several more detailed and therefore more manageable corruption types. Similarly, 'collusion' is not a corruption type because it is so general.

Fourth, we try to differentiate groups of corruption types according to who the reforming organisation is likely to be. So, we tend to categorise the types into 5 or 6 groups, such as 'leadership level', 'finance', 'procurement', 'personnel' and 'operations'. Sometimes these are more specific, such as 'corruption at school level' to distinguish it from 'corruption at Education Ministry level'.

1.3 THE TYPOLOGY – THE LIST OF SECTOR CORRUPTION TYPES

In making these differentiations we have to strike a balance between defining a 'reasonable' number of distinct corruption types whilst not making the number unmanageably large. We end up with between 10 and 50 in each sector, with the typical number being 30 corruption types. These are then grouped into 5 or 6 different categories, such as corruption at policy level, corruption related to finance and budgets, corruption related to field operations or service delivery, corruption related to the management of personnel and corruption types related to procurement.

You will see the typology for each sector within that sector review, or you can get a good idea of them by taking a look at some of them here. Usually we present them both as a table – where each one is described, and as a one-page diagram, which we find is very easily assimilated by people in that sector.

Here are typologies from five sectors. More details are found in the relevant Sector review.

Example: **Education corruption typology – Expand here**

Corruption typology - School education

CENTRAL - POLICY

Misdirection of education budgets

Misallocation to agencies, projects

Over-ambitious curriculum

CENTRAL - TEACHERS

Teacher recruitment

Teacher promotion, posts, exit

Licenses & authorisations

Allocation of teacher allowances

Teacher training (TT): selection

TT: grading, exams, graduation

CENTRAL - PROCUREMENT

Textbook printing and distribution

Infrastructure contracts

School repair and maintenance

Improper contract management

CENTRAL - FINANCE & CONTROL

Leakage of central education budgets

Leakage of new project allocations

Theft/control of education assets

Bribes to auditors and monitors

AT SCHOOLS - INDIRECT IMPACT

Accepting high absence levels

Teachers bribe for good postings

Schools used for private purposes

Theft of school budgets

Theft of locally raised funds

High prices for meals, uniforms

School food, repair, maintenance

Resources allocated by politicians to favoured schools

AT SCHOOLS - DIRECT IMPACT

Payment to obtain a place

Payment to get good grades

Payment to receive exam results

Payment for exam certificates

Payment for exam questions

Payment for others to do the exam

Payment from discriminated students

Requiring use of certain textbooks

Duress payment for private tutoring

Duress to work for free for teachers

Teacher requiring sexual favours

Example: Policing corruption typology – Expand here

POLITICAL	PERSONNEL	BEHAVIOUR & OPERATIONS
Domestic Policing Strategies	Leadership Behaviour	Evidence tampering & theft
Allocation and Distribution of Funds	Payroll, promotions, appointments, rewards	Small bribes
Political Interference	Salary chain	Degree of operation independence
Influence of interest groups	Values & standards	'Noble cause'
Organised crime	Criminal activities	Illegal fines
Reaching performance targets	Personal problems (e.g. drugs, gambling)	Disclosure of privileged information
Weak independent oversight	Personal asset declaration	Informants
	Rotations	Discriminating behaviour
		Extortion
FINANCE	**PROCUREMENT**	Officer identification
Asset disposals	Technical requirements / specs	'Bonds of Loyalty'
Internal audit control	Contract award, delivery	
Illegal private activity	Confidential tender	
Private security		
Facilitation payments		

Example: Health corruption typology – Expand here

Corruption typology - Health

HEALTH FUNCTIONS

1. Poor clinical operating protocols
2. Unnecessary or expensive interventions
3. Payment for interventions
4. Payment for waiting lists
5. Prescribing of over-costly or unnecessary medicines
6. Over-charging
7. Illegal contacts of professionals
8. Inappropriate prescribing and misuse of the prescription system
9. Over-treatment

LEADERSHIP & GOVERNANCE

10. Capture of policy by special interests
11. Inappropriate care strategies
12. Dereliction by permitting fraud, lax controls

HMIS

Not usually a source of corruption types; but key for reforms

HEALTH WORKFORCE

13. Inappropriate selection for jobs, promotion and training
14. Inappropriate absenteeism
15. Nepotism in restrictive expert groups such as doctors
16. Inappropriate professional accreditation
17. Expert-bias in complaints procedures
18. Improper inducements for conferences, research, placement
19. Fake workshops and fake per diem schemes
20. Human rights and related discrimination
21. Conflicts of interest
22. Fake reimbursement claims

MECIAL PRODUCTS, VACCINES & TECHNOLOGIES

23. Substandard or falsified medicines
24. Inappropriate approval of products
25. Inappropriate product quality and inspection
26. Private sector collusion

27. Corruption in the R&D of new products
28. Companies 'gaming' the system
29. Theft and diversion of products
30. Re-packaging of non-sterile and expired products
31. Legal parallel trade in drugs for export
32. Overly high pricing of non-medical products
33. Inadequate control of non-intervention studies
34. Improper benefits offered by medical companies
35. Improper acceptance of donated medical devices
36. Improper research, trial and marketing by health companies

HEALTH FINANCING

37. Corruption in health insurance
38. Corruption in procurement
39. Complex and opaque tendering procedures
40. Highly decentralised procurement
41. Donor collusion in corruption
42. Corrupt invoicing by suppliers

Example: Higher Education corruption typology - Expand here

Corruption typology – Higher Education

POLITICAL CORRUPTION

1. Politicians promote private universities for political and ideological purposes
2. Diversion of higher education budgets
3. Regime involvement in university affairs including appointments
4. Awarding unearned degrees to politicians, their relatives and cronies
5. Money in student politics

ADMINISTRATIVE & BUREAUCRATIC CORRUPTION

6. In accreditation, licences
7. In selection/ admission of students
8. In accommodation management
9. In international student recruitment
10. Nepotism and favouritism in appointing and promoting staff
11. Staff absenteeism
12. Embezzlement of research grants and operational funds
13. Fraud in procurement

ACADEMIC FRAUD & CHEATING

14. Plagiarism
15. Essay and dissertation mills
16. Falsification or research data and results
17. Fake journals and peer reviews
18. Exam leakages
19. Using unauthorized material in exams
20. Impersonation
21. Hacking Test banks
22. Bribe-influenced alteration of marks on exam scripts or in the exam results database
23. Degree Mills / Certificate forgery

SEXTORTION & SEXUAL HARASSMENT

24. Unwelcome sexual advances, requests for sexual favours or unwanted physical, verbal or non-verbal conduct of a sexual nature when submission for such conduct is made an explicit or implicit condition for employment or academic achievement.

Example: Construction project corruption typology (from U4) - Expand here

Table 3. Corruption risks at various stages in the delivery of a construction project

Stages	Risks	Main actors
Project appraisal	• Political influence or lobbying by private firms that biases selection to suit political or private interests • Promotion of projects in return for party funds • Political influence to favour large projects and new construction over maintenance • Underestimated costs and overestimated benefits to get projects approved without adequate economic justification	• Government ministers • Senior civil servants • Procurement officers • Private consultants (e.g., planners, designers, engineers, and surveyors)
Project selection, design, and budgeting	• Costly designs that increase consultants' fees and contractors' profits • Designs that favour a specific contractor • Incomplete designs that leave room for later adjustments (which can be manipulated) • High cost estimates to provide a cushion for the later diversion of funds • Political influence to get projects into the budget without appraisal	• Government Ministers • Senior civil servants • Procurement officers • Private consultants (e.g., planners, designers, engineers, and surveyors)
Tender for works and supervision contracts	• Bribery to obtain contracts (leaving costs to be recovered at later stages) • Collusion among bidders to allocate contracts and/or raise prices (potentially with assistance from procurement officers) • Interference by procurement officers to favour specific firms or individuals • Going to tender and signing contracts for projects that are not in the budget	• Procurement officers • Private consultants (e.g., supervising engineer) • Contractors
Implementation	• Collusion between contractor and the supervising engineer (with or without the client's knowledge) that results in the use of lower quality materials and substandard work • Collusion between contractors and the supervising engineer to increase the contract price or adjust the work required in order to make extra profits, cover potential losses, or recover money spent on bribes	• Procurement officers • Private consultants (e.g., supervising engineer) • Contractors and subcontractors
Operation and maintenance, including evaluation and audit	• Agreement by the supervising engineer to accept poor quality work or work below the specification, leading to rapid deterioration of assets • A lack of allocated funds for maintenance, as new construction takes precedence in the project identification stage for future projects	• Procurement officers • Private consultants (e.g., supervising engineer) • Contractors and subcontractors

1.4 ANALYSING CORRUPTION TYPES

Doing such an analysis can be a two-hour exercise or it can be a six month one. The **quick way** is always attractive. Your own staff are usually well aware of the corruption issues, often with extensive experience of working in large, complex, bureaucratic environments. Hence, they are likely to be the best informed about what the corruption problems are, which ones can be tackled, and which ones need to be left for later. You might give them the list of corruption from the relevant sector review in CurbingCorruption and ask a group of them to analyse which are the more relevant ones and their relative

importance. This simple approach has the advantage that you can quickly capture the 'top of mind' knowledge of your senior professionals. It has some disadvantages, notably that it is likely to focus on the more immediate issues.

In the **mid-range**, you may have specialist groups with extra knowledge, like internal audit groups, regulatory agencies and professional fraud groups. Together with external groups like community groups, private sector associations and civil society, you can get a more inclusive analysis done, still quite quickly. It has the same disadvantages as above.

At the **most thorough** end of the spectrum, you can get a detailed analysis done by groups with professional anti-corruption knowledge, if possible combined with sector expertise. These groups might sit within universities, or civil society, or think tanks. Such analyses are likely to take from two months to six months. In large initiatives, there are several analytical techniques you can consider, as mentioned below. There is also an obvious and often sizeable political advantage to having a thorough, independent analysis done of the corruption issues and risks. If you have time and funds, we recommend that you do a thorough analysis.

1.5 FORMAL ANALYSIS METHODS

There are lots of different methodologies and names for corruption analysis tools, but they all do roughly the same thing. They aim to develop concrete insights regarding forms of corruption, the extent of each, and the vulnerabilities in the particular sector or agencies or functions. The purpose is to focus the application of practical prevention measures. They use a simple methodology. First, they identify the underlying laws, regulations, and guidelines governing the target agency or function.

Then, they identify the main processes; Identify key steps (both formal and informal) for each business process; Assess strengths and vulnerabilities to corruption of each step (based on weaknesses in the formal system and weaknesses in the capacity/ incentives to implement the formal system).

Then they make some estimation of the scale of each one, usually through survey information. They might be able to access existing surveys that provide information on the perceived scale of the corruption types, or they may commission a survey, or they may do their own. These can be small – a 'straw poll' of 50 people – or they can be large. One analysis that I have been

involved in, of Education corruption in Afghanistan, developed its own survey data from 550 interviews.

Here are three such analysis techniques: Vulnerability to Corruption Analysis (VCA), Public expenditure tracking surveys (PETS) and Quantitative Service Delivery Surveys (QSDS). There are others that are more community based, such as citizen report cards.

Three formal corruption analysis techniques – Read more

1.5.1 Vulnerability to Corruption Analysis (VCA)

Systematic analysis of vulnerabilities to corruption/abuse is necessary to identify problems, select priorities, and sequence interventions in a sector-wide approach. Various organisations have provided guidance on how to do such assessments, such as World Bank (2009), DFID (2010), USAID (2006), European Union (2010) and UNODC (2005). VCAs, as described by the World Bank, 2009, aim at developing concrete insights regarding forms of corruption, sources, implications, extent, and vulnerabilities to corruption in particular sectors, agencies, and functions in order to develop practical prevention measures. The VCAs use a simple methodology focused on analysis of key government business processes. This approach normally involves initial meetings, usually with the most senior members of staff for each area, followed by observations of work places and processes, and then return meetings with wider groups of staff to discuss, review, and revise information on business processes. Efforts are made to understand both the formal (*de jure*) and informal (*de facto*) processes that are in place and operative. The VCAs in general follow these steps.

The most extensive analyses of corruption issues using VCA has been pioneered by the Afghanistan Anti-Corruption Committee (2017), commonly known as 'MEC'. MEC is the premier anti-corruption entity in Afghanistan, set up by Presidential decree in 2010, led by a Committee of six (three eminent Afghans and three international experts), and with an Afghan Secretariat of some 25-professional staff. It is funded by international donors.

Here is the description of their VCA on education, which covered the whole of the school education sector:

- The analysis covers the whole of the Education Ministry, not just a sub section;

- Work is based on an analytical set of the 36 education-specific corruption issues
- The analysis is founded on a wide range of interviews, with segmentation of the target population; in the provinces as well as in the central governments
- The analysis includes a review of the written processes and relevant laws, to judge the extent of differences in practice
- The active engagement of the relevant Minister right from the beginning was essential. Without this the assessment does not proceed.
- An active and extensive quarterly follow up, over 18 months with visits to the provinces, active engagement of local stakeholders and publication of findings.

1.5.2 Public Expenditure Tracking Surveys (PETS)

PETS is a World Bank tool, and it is a formal process to set one up and get it carried out. On the other hand, they can provide very comprehensive data on a particular sector. The discussion of them below comes from Poisson 2010 in the application of PETS in education: "*PETS surveys aim to "follow the money trail" (mainly non-salary expenditures), from the central ministry of education level right down to the school level. These studies permit the calculation of rates of "leakage" in these flows, which have been shown to range from 87 per cent of the per-capita subsidy paid to primary schools in Uganda in 1995 to 49 per cent of the non-wage funds allotted to primary schools in Ghana in 1998. An analysis of the available research has shown that leakage rates can depend on different variables such as school size, location, student poverty level, and teacher profile. For example, in Uganda leakage rates have tended to increase in small schools with less qualified staff who do not feel able to question authorities about the funding that they are supposed to receive. PETS surveys also show that leakage rates can vary depending on funding modalities. Research carried out in Zambia has shown that the leakage rate stood at 10 per cent for rule-based funding applied to primary schools (600 US$ per school, irrespective of the size) versus 76 per cent for the discretionary funding given by local authorities to schools in 2001, thereby illustrating the linkages between leakage rates and funding modalities.*"

1.5.3 Quantitative Service Delivery Surveys (QSDS)

QSDS is another World Bank tool. This text is again from Poisson 2010 in education: "*QSDS surveys are used to collect quantitative data on the efficiency of public spending and the different aspects of "frontline" service*

delivery usually represented by schools in the education sector. For example, they may be used to measure teacher absenteeism and the percentage of "ghost" teachers that feature on official lists of active teachers. They can also include estimates derived from unannounced spot checks of samples of schools that are considered to be representative. The collection of additional data at school level can provide useful insights into the relationships between corrupt practices and contextual variables – for example, trends in absenteeism and their linkages with variables such as teachers' age, gender, status and teaching conditions."

1.6 POLITICAL ECONOMY ANALYSIS (PEA)

Here are three simple guides to doing a political economy analysis that you can follow yourself:

- Whaites 2017 *The beginners guide to Political Economy Analysis (PEA);*
- Hudson et al 2016 *Everyday Political Analysis (EPA); and*
- Effective States and Inclusive Development Research Centre (ESID) 2015 *Making political analysis useful: adjusting and scaling.*

Whaites 2017 The beginners guide to political economy analysis (PEA)

This guide borrows from the best materials that are available while also adapting some approaches by incorporating wider ideas on politics and institutions. This guide affirms that there should never be an official `orthodoxy' for PEA and so the emphasis here is on questions, prompts and ideas to help thinking and practice. The note instead focuses on `the essentials' of PEA as they relate to the following questions: ϖ Why do we do political economy analysis, and what is it? ϖ What kinds of issues and ingredients are often included in a PEA? ϖ How do we make sense of the different varieties of PEA? ϖ What tools are out there to help us conduct a PEA? ϖ What is thinking and working politically?

Hudson Marquette and Waldock 2016 Everyday political analysis

This is a framework for thinking about politics and power called Everyday Political Analysis (EPA). EPA is for anyone who is convinced that politics and power matter, but feels less sure of how to work out what they mean for their programs.This note introduces a stripped-back political analysis framework – stripped down to its barest bones – leaving only the essentials needed to help frontline staff make quick but politically-informed decisions.

ESID 2015 Making political analysis useful - adjusting and scaling

There are three types of analysis – their purpose affects the questions to ask, the intended audience, or even their timing. 1) Agenda-setting analysis aims to establish a shared language and understanding. 2) Problem-solving analysis aims to increase rates of implementation. 3) Influencing analysis aims to develop a political strategy for change. The report encourages organisations to start small and be pragmatic.

If you feel the need to go into more detail, you could look at the following:

- OECD 2015 *A governance practitioner's notebook: alternative ideas and approaches (on politics, public sector reform and stakeholder engagement);*
- Hudson and Leftwich 2014 *From political economy to political analysis; and*
- World Bank 2008 *The political economy of policy reform: Issues and implications for policy dialogue and development operations.*

1.7 CONTEXT MATTERS

A corruption type can seem to be a generic issue – nepotism, say, or small bribes for low level service delivery – but in different contexts the way the corruption manifests itself and the way it can be addressed are likely to be completely different. In a society that prefers rather rigid, top-down strategies the solution will be very different from one that emphasises worker participation or one that emphasises religious engagement. For example, Prussia's, China's, and Vietnam's very top-down, pretty militaristic, and very rigid development strategies – which have been relatively successful – contrast with the more participatory, worker- and-religious reformer driven movements of, say, the UK, which also worked but by following a very different path. In a similar way, some of the most dramatic reductions of corruption nationally, such as in Georgia and Estonia, happened because the political leaders believed – rightly – that their people were ready for rapid, radical action against corruption, even whilst the outside specialists were advising a slow, cautious approach. Both nationally and sectorally, the difference in context and starting point really matters.

Much though we wish, it is not possible to prescribe a 'procedure' for taking context into account. The best generic advice we can offer is this;

1. Be aware of your particular context at every step of your approach. Ask yourself, as you read about each corruption type and each reform example, if there are elements of context that are like yours and ask yourself how the context differs.
2. Contextual issues often surface best in discussion. Be sure to discuss the choices with colleagues and stakeholders. For example, whether your particular context makes some corruption types more or less important to tackle, whether direct approaches or indirect approaches are the better way to proceed, whether fast or slow is the better way to proceed, and so forth.
3. Test your initiative against a set of 'opposite' strategies. There is a sequence of opposite strategy choices in Step 3 (Developing an overall strategy) that you can use.
4. Test your initiative against the likely challenges of political supporters and opponents, using the results of any political economy analysis you have done (see 1.6 above).
5. Test your initiative with one or more groups of youngsters. They can have a perspective that is free of some of the stereotypes of 'context'.