



Federal Ministry  
for Economic Cooperation  
and Development

# Quality criteria strategy Anti-corruption and integrity

**BMZ** *Benchmarks*

**BMZ PAPER** | 2022

[bmz.de](https://bmz.de)



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# List of abbreviations

BMZ	Federal Ministry for Economic Cooperation and Development
DAC	Development Assistance Committee
EITI	Extractive Industries Transparency Initiative
FATF	Financial Action Task Force
GDP	Gross Domestic Product
G7	Group of Seven
G20	Group of Twenty
IATI	International Aid Transparency Initiative
OECD	Organisation for Economic Co-operation and Development
OGP	Open Government Partnership
SDGs	Sustainable Development Goals
UN	United Nations
UNCAC	United Nations Convention Against Corruption
UNODC	United Nations Office on Drugs and Crime



# 01 Brief description

The implementation of the 2030 Agenda can only be achieved if the fight against corruption and the promotion of integrity **are systematically integrated into all German development cooperation measures**.

As a hallmark of German development cooperation, the quality criterion therefore aims to mainstream anti-corruption and integrity in German development cooperation on a consistent basis. This in turn helps in **mitigating the harmful impacts of corruption** and in **making development cooperation more effective**. At the same time, public funds are protected against corruption and misuse, thereby strengthening the legitimacy of cooperation in the long term.

This quality criteria strategy addresses **the cross-cutting implementation** of the quality criterion in strategies and measures. Guidance on the design of targeted measures for preventing and combating corruption are not dealt with in this quality criteria strategy but are instead covered in the core area strategy “Peaceful and inclusive societies”.

The application of the quality criterion is mandatory for the Federal Ministry for Economic Cooperation and Development (BMZ) and implementing organisations, and serves as a guideline for organisations engaged in non-governmental development cooperation. The strategy sets **mandatory requirements** and gives further recommendations for the incorporation of the quality criterion into all German development cooperation measures. As a result, the risk posed to intended results and the failure to attain the development cooperation goals can be prevented. The quality criterion thus makes German development cooperation more

**effective and efficient**. German development cooperation **does not tolerate either corruption or the misuse of funds** and takes action where necessary.

The starting point for implementing the quality criterion is to begin by **analysing the state of corruption** in a country, or in a core area or relevant initiative area. In turn, these analyses serve as a basis on which to develop strategic guidance for preventing and combating corruption. Only when there is an understanding of the challenges and the opportunities for anti-corruption and integrity measures can viable approaches be identified. **Corruption is a political issue**. Corruption and integrity therefore need to be addressed in an open and honest, yet context-sensitive manner, in **political dialogue** as well as in discussions with different stakeholders. **Cooperation among the donor community** is specifically harnessed in order to give greater emphasis to the fight against corruption and the promotion of integrity.

Mainstreaming in the German development cooperation portfolio can only be achieved if the issues of anti-corruption and integrity are **systematically incorporated into planning, design and implementation** and if measures and the need for action are **presented in reporting**. At the same time, the lessons learned need to be **used for the ongoing implementation of measures and applied to the development of the portfolio**. In order to achieve this, specialist advice on the mainstreaming of anti-corruption and integrity needs to be ensured, risk analyses in the project cycle must be used consistently, and training courses on the cross-cutting issue must be expanded.

Corruption can only be tackled globally and with the cooperation of all countries. The BMZ presses for a **coherent approach within the German government**. Inter-organisational exchange on joint learning is being strengthened. At international level too, German development cooperation is committed to strengthening this issue, for example within the **bodies of multi-lateral organisations and with other donors**. Compliance and integrity management for anti-corruption is reviewed and refined on a continuous basis.

The quality criteria strategy establishes a **monitoring system** to track the consistent, systematic and comprehensive implementation of the requirements and to ensure that recommendations are taken into account as far as possible. The strategy is reviewed and assessed roughly one year before its end date as part of a process of reflection.

## 02 Relevance – Why is this quality criterion so important?

As one of the **biggest obstacles to development**, corruption poses a particular challenge for development policy. Wherever corruption prevails, resources are wasted or mismanaged, potential for development remains untapped, and investors are deterred. Access to basic public services, such as health and education, is often severely restricted in contexts of corruption and trust in the state is damaged. The International Monetary Fund<sup>1</sup> puts the annual costs of bribery alone, as just one form of corruption, at around 1.5 to two trillion US dollars (roughly two per cent of global gross domestic product (GDP))<sup>2</sup>.

Whereas corruption appears to be a commonly used concept in everyday language, there is no universally accepted definition of the term. Corruption is often designated as “the abuse of entrusted power for private gain”; this is the definition given to the term by the non-governmental organisation Transparency International, for example. Even the United Nations Convention against Corruption (UNCAC), the most important international regulatory framework for tackling corruption, does not define corruption but instead specifies individual forms of corruption that are to be criminalised. Corruption can manifest itself in many different ways, ranging from bribery in the delivery of public services (“petty corruption”) to a systematic undermining of state decision-making structures

(“grand corruption”, “state capture”). Some examples of the different forms of corruption are shown in the list below<sup>3</sup>.

The term “anti-corruption” covers the strengthening of **transparency, accountability and participation** in both the public and private sector and therefore contributes towards good governance. The term “integrity” denotes a way of behaving and acting by individual persons and institutions that is consistent with moral and ethical principles, that prioritises public over private interests and can provide a protective barrier against corruption.

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### Different forms of corruption

- *Bribery*
  - *Granting of advantages*
  - *Cronyism*
  - *Misappropriation*
  - *Patronage*
  - *Kleptocracy*
  - *Clientelism*
  - *Facilitation payments*
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Systematically mainstreaming anti-corruption and integrity helps to mitigate the harmful effects of corruption and enhance the effectiveness of development cooperation. At the same

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<sup>1</sup> IMF (2016), “Corruption: Costs and Mitigating Strategies”; IMF Staff Discussion Note No. 16/05.

<sup>2</sup> The estimates given are for illustration purposes only. Given that there are a considerable number of corruption offences that go unreported, the measurability of corruption is a particular challenge, see Cecilie Wathne and Matthew C. Stephenson (2021), “The credibility of corruption statistics: A critical review of ten global estimates”, U4 Issue 2021:4.

<sup>3</sup> For an overview of the different forms of corruption, see U4 Anti-Corruption Resource Centre at <https://www.u4.no/topics/anti-corruption-basics/basics> and OECD (2013), “What are bribery and corruption?”, in: *Bribery and Corruption Awareness Handbook for Tax Examiners and Tax Auditors*, OECD Publishing, Paris.

time, public funds are protected against corruption and misuse, thereby strengthening the legitimacy of cooperation in the long term.

## Frame of reference and relationship to other sustainability issues

The 2030 Agenda is the operational framework for German development policy. Corruption runs contrary to its goals, and in particular to one of the principles for its implementation, namely **leave no one behind**. Corruption prevents fair access to resources and basic services in the areas of health, education and social protection. It affects disadvantaged population groups in particular and thus exacerbates already existing levels of **inequality and discrimination** in society. Since the bulk of care work within the family unit is usually performed by women, it is they who suffer primarily from **gender-based forms of corruption**, such as the payment of bribes for access to education, health care and other public services. Women are also more frequently victims of sexual forms of corruption. Furthermore, corruption may endanger respect for, the protection of and fulfilment of human rights and thus contribute either directly or indirectly to **human rights abuses**. This is diametrically opposed to the values of the Federal Republic of Germany.

A focus on **sustainable economic development** and the expansion of inclusive employment prospects are some of the elements that are integral to the goal of poverty reduction. However, as far as private and public investment as well as foreign direct investment and transnational trade are concerned, corruption and the legal uncertainty associated with it are a major risk factor that makes economic involvement more difficult and therefore acts a brake on growth. Corruption also distorts competition, including in public procurement, an area that is important for many companies.

The promotion of global peace is one of the core objectives of development cooperation. In the context of **fragile states**, where state institutions and the rule of law are weak, and where corruption often plays a crucial role in the retention of power or the pursuit of a conflict, this has particularly negative effects. It can inhibit the ability of the security sector to operate and undermines trust in state structures. Moreover, whenever elites use patronage and other forms of corruption as a way of allocating resources and holding on to power, individual sections of the population are excluded. This exclusion from political and economic participation, together with limited state legitimacy, acts as a spur to resolve distribution conflicts through violence. Periods of crisis (such as the COVID-19 pandemic) and institutional change are particular instances in which new possibilities for corruption often arise – and which political stakeholders can exploit in a similar fashion.

Finally, **corruption and illicit financial flows** (e.g. those stemming from corruption) deprive partner countries of German development cooperation of key **capital resources** which they need to be able to implement the Sustainable Development Goals (SDGs). According to Signé et al. (2020)<sup>4</sup>, sub-Saharan Africa, for instance, lost a full five per cent of its GDP in 2018 through illicit financial flows.

Successful implementation of the 2030 Agenda is therefore only possible if corruption as it is set out in SDG 16.5 – substantially reduce corruption and bribery in all forms – is addressed in all German development cooperation measures. This has also been enshrined by the Federal Government in the **German Sustainable Development Strategy**, which lists combating corruption in Germany and in partner countries of German development cooperation as an objective.

<sup>4</sup> Signé et al. (2020), "Illicit Financial Flows in Africa: Drivers, Destinations, and Policy Options", in: Africa Growth Initiative at Brookings: Policy Brief (March 2020).



## Further international frames of reference for development activities

Corruption has been recognised as a global challenge since the mid-1990s. A growing number of international agreements and initiatives, each with different priority areas, offer points of intervention for development policy.

The **United Nations Convention against Corruption (UNCAC)**, which was adopted in 2003 and came into force in 2005, is the most comprehensive international regulatory framework for tackling corruption to date. The Federal Republic of Germany ratified the UNCAC in 2014. It includes provisions for preventing and criminalising corruption, and obliges states to cooperate in international criminal matters and in the recovery of illegally acquired assets. It also contains regulations for mutual technical assistance between the contracting states.

The **Organisation for Economic Co-operation and Development's (OECD) Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (Anti-Bribery Convention)** entered into force in 1999. In 2016, the OECD adopted the **Recommendation of the Council for Development Co-operation Actors on Managing Risks of Corruption**<sup>5</sup>. Germany's actions are also guided by this Recommendation. The **Anti-Corruption Task Team**, a working group under the OECD Development Assistance Committee (DAC) Network on Governance, provides a platform for donor exchange and the development of joint positions.

Tackling corruption is also a key concern of the **Group of Seven (G7)** and was underlined most notably in the Leader's Declaration to the G7 Summit held in Elmau<sup>6</sup> in 2015. The same is true of the **Group of 20 (G20)**, where the German government plays an active role, including as part of the Anti-Corruption Working Group. The "High Level Principles" that are regularly adopted on the basis of the work carried out by this group provide substantive impetus for international efforts against corruption.

Transparency is an important precondition for protecting development cooperation funds against corruption, and for promoting accountability on the use of these funds in partner countries. Together with bilateral and multilateral donor organisations, the BMZ is therefore actively involved in various transparency initiatives. These include the following: the **International Aid Transparency Initiative (IATI)**, which aims to improve access to information on the use of development funds; the **Open Government Partnership (OGP)** international initiative, whose participating countries work to promote transparent and open governance and administration; and the **Extractive Industries Transparency Initiative (EITI)**, a global initiative for greater financial transparency and accountability in recording and disclosing revenue from the extraction of natural resource deposits.

The relationship between corruption on the one hand, and money laundering and terrorist financing on the other, is very close and is often symbiotic. In this context, the **Financial Action Task Force (FATF)** plays a central role. With Germany as a founding member, the FATF was established by the G7 in 1989 in order to set international standards for combating money laundering, terrorist and proliferation financing. The FATF is composed of 39 member states/organisations, with nine FATF-Style Regional Bodies.

<sup>5</sup> Recommendation of the Council for Development Co-operation Actors on Managing the Risk of Corruption, of 16 November 2016, <https://www.oecd.org/corruption/anti-bribery/Recommendation-Development-Cooperation-Corruption.pdf>.

<sup>6</sup> For an overview of the G7 Summit Declaration and other documents, see <https://www.bundesregierung.de/breg-en/news/g7-summit-declaration-and-other-documents-389280>.

## 03 Lessons Learnt from the implementation of the strategy on Anti-Corruption and Integrity in German Development Policy

### Lessons learned from the implementation of the German development cooperation strategy on anti-corruption and integrity

The issue of anti-corruption and integrity has become increasingly important within German development cooperation. The publication of the **Strategy Paper** entitled “**Anti-Corruption and Integrity in German Development Policy**”<sup>7</sup> in 2012, which underlined the political priority of the issue and identified key approaches for tackling corruption, marked an important milestone. The Strategy Paper was implemented by the BMZ, governmental implementing organisations and organisations engaged in carrying out non-governmental development cooperation, with support from the thematic team Anti-Corruption<sup>8</sup>. Progress and success in this regard has already been achieved in the following areas:

- German positions on anti-corruption and integrity were incorporated into international processes on an ongoing basis, for example

within the framework of the Conference of the State Parties to UNCAC and the OECD Anti-Corruption Task Team as well as at the International Anti-Corruption Conference organised by Transparency International. At the same time, the topic was also successfully mainstreamed at a national level in strategic processes such as the Marshall Plan with Africa and the German Sustainable Development Strategy.

- Partnerships with key actors in the fields of international politics and academia, such as the United Nations Office on Drugs and Crime (UNODC) and the U4 Anti-Corruption Resource Centre think tank, were set up and expanded.
- Cooperation with civil society was stepped up, including via the strategic partnership with Transparency International which has been in place since 2014. At the end of 2020, an extension to this partnership was agreed for the period from 2021 to 2025 and covers ongoing dialogue and exchange on political

<sup>7</sup> Anti-Corruption and Integrity in German Development Policy, <https://www.bmz.de/resource/blob/23714/1a753885143c47998751f02d702e188c/strategiepapier323-04-2012-data.pdf>.

<sup>8</sup> The thematic team Anti-Corruption brings together organisations engaged in official German development cooperation as well as those involved in non-governmental development cooperation at least once a year, with the aim of discussing key issues relating to tackling corruption in partner countries and of promoting collaborative learning.

and strategic issues as well as concrete collaboration internationally and in partner countries.

- Political foundations have continued to develop anti-corruption as a cross-cutting issue in many projects, in particular on good governance.
- The role of the private sector in combating corruption was strengthened, most notably by establishing the multi-stakeholder partnership Alliance for Integrity. The Alliance for Integrity is a global multi-stakeholder initiative which helps businesses to take collective action against corruption on the ground. It offers practical solutions on strengthening the compliance capacities of companies and contributes to the improvement of framework conditions by fostering dialogue between the public and private sectors.
- The internal compliance and integrity management systems at the BMZ and implementing organisations were expanded and continuously improved, for instance by making transparency mechanisms an integral part of internal procedures, developing whistleblowing systems and updating the range of training measures available.

At the same time, further important progress in combating corruption was made with bilateral partners of German development cooperation. Activities in this area focused on strengthening the principles of transparency, accountability and participation. Especially in programmes and modules explicitly pursuing the aim of anti-corruption and integrity, the following experiences gained and approaches adopted in terms of strengthening these principles have proved to be successful:

- In addition to support for anti-corruption and integrity measures in state institutions, **civil society organisations and independent media** play a pivotal role in the fight

against corruption insofar as they create a demand for transparency and hold state institutions to account. State institutions should therefore be given support in permitting participation by civil society and media, in managing these participation processes in a manner that is both professional and free of discrimination, and in maintaining a constructive dialogue with civil society actors. In fragile contexts in particular, it may be beneficial to prioritise support for civil society over state entities.

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### Anti-corruption and integrity in Kenya

*As part of a German-Kenyan anti-corruption project, Kenya's Ethics and Anti-Corruption Commission (EACC) was advised on the introduction of a web-based whistleblowing system. Witnesses can use the online platform to anonymously report allegations of corruption. This has significantly increased the rate at which corruption cases are identified, with the number of reported cases growing more than twentyfold within just two years. According to the EACC, the quality of the information supplied via the online system is also much better than with alternative systems (e-mail, letter box). Investigators deem 38 per cent of reported cases to be relevant – compared with 21 per cent previously. System maintenance is now funded in full by the EACC.*

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- In the fight against corruption, **protecting actors** – especially representatives of civil society – is essential in maintaining their freedom to act, enabling access to information and being able to play an active part in political and economic processes.
- The **private sector** is another key partner in fighting corruption and promoting integrity. It has a particular role to play given that it can drive corruption (for example through bribery), but may also be damaged by it (for example when competition is distorted).

One way in which companies can be called upon and encouraged to act responsibly is through the introduction of self-regulation mechanisms.

- **“Collective action” approaches** work on the assumption that long-term social changes can only be achieved if a wide range of actors (state, civil society, private sector) work together towards a goal and therefore trigger a change in the values and standards we live by. The Alliance for Integrity is an example of a successful multi-stakeholder approach which promotes collective action.
- In terms of promoting transparency, accountability and civic participation, there is great potential for using **digital technology** and it can therefore be a useful addition in the fight against corruption. Online complaint or whistleblowing mechanisms are just two of the tools that can be used for this purpose.

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### “TruBudget” – Using block-chain to tackle corruption

*One example of digitalisation being used to enhance transparency is the blockchain-based application “TruBudget”, which allows a transparent and real-time use of public, donor-funded resources, by partner authorities. This technology creates transparency in transactions between donors and partners and gives them a binding nature. This not only results in funds being deployed much more efficiently and sustainably, but also makes the misuse of funds considerably more difficult.*

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Attempts to integrate **anti-corruption and integrity as a cross-cutting issue** in other sectors were also made during the implementation of the Strategy Paper “Anti-Corruption and Integrity in German Development Policy”. Individual approaches were put into practice here, in the water, land or education sector for instance. Despite these occasional successes, a broader roll-out of anti-corruption and integrity approaches has yet to take place on a consistent basis. This has demonstrated that further efforts are needed to include the issue in all German development cooperation measures to an even greater and more systematic degree.

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### Anti-corruption measures in the Honduran education sector

*Whenever corruption in the education sector restricts the provision of education at public schools or prevents people from accessing university places, the population groups that suffer most are those living in poverty. “Ghost teachers” (teachers who draw a salary but do not give any classes) are a typical example of how corruption in the education sector manifests itself. As a result, anti-corruption measures were also integrated into the German-Honduran programme to improve quality in basic education. “Transparency Bulletin Boards”, which contain information on the financial resources available for individual schools and the use of these funds, are one feature in particular that enable parents to identify relevant cases of misuse.*

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## Objective of the quality criterion

As a **hallmark of German development cooperation**, the aim of the quality criterion is for anti-corruption and integrity to be rigorously incorporated as a cross-cutting issue into all development measures and across the entire project cycle, and systematically mainstreamed in strategies and instruments. In this regard, it builds on the progress already achieved from the implementation of the Strategy Paper “Anti-Corruption and Integrity in German Development Policy” and consolidates it by embedding and continuing tried-and-tested approaches to tackling corruption. Guidance on the design of targeted measures for preventing and combating corruption are not dealt with in this quality criteria strategy but are instead covered in the core area strategy “Peaceful and inclusive societies”.

Incorporating anti-corruption and integrity into all development programmes and modules can be instrumental in preventing corruption from posing a risk to intended results, and thus stopping development cooperation objectives from being achieved. The quality criterion thus enhances the effectiveness and efficiency of German development cooperation. It also creates **synergies with other quality criteria**, since anti-corruption and integrity plays an indirect role in strengthening human rights, gender equality and inclusion, the reduction of poverty and inequality, environmental and climate sustainability, and conflict sensitivity. Anti-corruption measures can also enhance the positive developmental effects in connection with the quality criterion of digital technology and the digital principles embedded therein.

Another important function of the quality criterion is to protect **development cooperation funds against corruption and misuse**. Well-functioning systems to manage corruption risks and compliance in cooperation, compliance with rules and regulations, as well as the integrity of stakeholders, are all key to this. German development cooperation tolerates neither corruption nor the misuse of funds and takes appropriate action where necessary. Anti-corruption and integrity measures therefore help to legitimate development cooperation and contribute towards its acceptance in society.

The application of the quality criterion is mandatory for the BMZ and implementing organisations, and serves as a guideline for organisations engaged in non-governmental development cooperation. Due to the different forms of organisation, procedural requirements and processes in the respective institutions of German development cooperation, in particular of Technical and Financial Cooperation, the requirements and recommendations in the quality criterion are formulated as standards. This allows for flexibility in how they are designed and implemented in the respective institutional context. Responsibility for implementing these standards therefore lies with the institutions concerned.



## 04 How do we apply the quality criterion?

The quality criterion applies at various levels: in strategy and policy (4.1), in the German development cooperation portfolio (4.2) and in implementation in Germany, Europe and internationally (4.3). The requirements and recommendations explained in this section are summarised in the table of responsibilities listed in section 5.

### 4.1 Strategy and policy level

German development policy systematically addresses the **level of corruption and governance in its partner countries**. This begins with an assessment of the partner government's reform efforts and an examination of the state of corruption locally, which are analysed in development policy reports produced by German embassies. In addition, the **brief political-economic analyses** drawn up by independent consultants provide information on the state of governance in a country and include specific analyses on corruption. These analyses can also be supplemented by governance or corruption analyses conducted by academic institutions, other bilateral and multilateral donors and international partners. Transparency International's Corruption Perceptions Index and the mechanism for reviewing implementation of the UNCAC (**Implementation Review Mechanism**), to which all contracting states are subject, provide useful contextual information and guidance on partner countries' support needs and their potential for reform.

These assessments are incorporated into the **country strategies** compiled at the BMZ, which focus explicitly on the level of corruption, systems for preventing and combating corruption, and the effectiveness of these systems in the partner country. The strategies may also contain recommendations for **treating “anti-corruption and integrity” as a cross-cutting issue in all priority areas**. Furthermore, when compiling country strategies, the BMZ may commission in-depth analyses for the respective countries in order to examine key sectors in greater detail and to explore measures for reducing corruption and promoting integrity.

The core areas selected for cooperation with the countries are based on the **core area and initiative area strategies** which enshrine corruption as a specific issue. These show not only how corruption is related to the topic concerned, and where and how corruption reduces development impacts, but also describe the contributions they can make to reducing corruption.

Value-driven and effective development cooperation requires the issue of corruption to be **systematically addressed in political dialogue**, and anti-corruption and integrity agreements with partners to be included in the summary record of government negotiations. Corruption is a **politically sensitive issue** which can also be addressed through the prism of integrity or transparency in government consultations and negotiations, and must be reflected in joint policy steering and in the design of the bilateral portfolio. If funds are disbursed by partners, indicators that are measurable and – where

appropriate – relevant to disbursement, allow effectiveness to be tracked on a collective basis. In this respect, regular checks should be carried out as to whether “TruBudget”, which is cited as a prime example in section 3 and is to be implemented on a broad basis, can be included as a requirement in pledges to Financial Cooperation partners.

In order to develop a **joint and open understanding of corruption and integrity**, even greater use should be made of **regular exchange formats** in Germany, at country level and with different stakeholders, such as partners, international and multilateral donors, civil society and the private sector. Such formats will enable joint processes and objectives for tackling corruption to be defined and monitored.

Response frameworks for anti-corruption and integrity at embassies and within implementing organisations at field level can also contribute towards enhancing the implementation of anti-corruption activities, improving risk monitoring and facilitating more systematic learning with regard to effective anti-corruption measures. To this end, embassies and economic cooperation officers ensure that a **focal person**<sup>9</sup> selected from the German development cooperation representatives on the ground is appointed in each partner country.

## 4.2 Application in the German development cooperation portfolio

### Planning, design, implementation and reporting of programmes and modules

Strengthening the principles of **transparency, accountability and participation** is focal to the systematic incorporation of anti-corruption and integrity into all German development cooperation programmes and modules. This can be instrumental in combating corruption and promoting **integrity** among individuals and within institutions.

The issues of anti-corruption and integrity can only be successfully mainstreamed within the portfolio if they are **systematically integrated into procedures, i.e. planning, design and implementation**, if **reporting sets out** measures and need for action and if the lessons learned are **used for the ongoing implementation of measures and applied to the development of the portfolio**. The relevant actors in this process are all German development cooperation staff who implement or support operational business. This includes staff from the implementing organisations as well as from the BMZ. The procedures can also be used as a guideline for staff involved in non-governmental development cooperation.

In order to ensure that the issues are incorporated on a cross-cutting basis, these staff members require the necessary resources and skills. The implementing organisations therefore ensure that **specialist advice** is provided on anti-corruption and integrity in implementation. In addition to upskilling in compliance and integrity management, the BMZ and the implementing organisations also provide **training on mainstreaming anti-corruption and integrity as a cross-cutting issue**. For instance, the course entitled “Essentials of anti-corruption I: The basics”<sup>10</sup>, offered by the U4 Anti-Corruption Resource Centre, may

<sup>9</sup> The purpose of these contact persons is not to duplicate any structures currently in place nor, in particular, to replace any existing advisory structures in the area of integrity and compliance, but instead to provide support in implementing the requirements under 4.1 and 4.2.

<sup>10</sup> Essentials of anti-corruption I: The basics, <https://www.u4.no/courses/essentials-of-anti-corruption-i-the-basics>.

be used for such purposes. Mandatory training courses on the implementation of quality criteria should be offered to all new German development cooperation staff whose work is directly related to the planning, design, implementation and reporting of programmes and modules. The measures can be supplemented by advanced training courses that are specific to individual countries, sectors and other projects, as well by as specific coaching sessions for field staff members prior to their departure for another country.

The risk of corruption and opportunities for anti-corruption and integrity work are considered in all programmes and module proposals as early as the appraisal stage, based on the country strategy and the governance situation at the country and sectoral level. Appraisals should **identify opportunities, analyse and assess risks**, and list **measures** to counter these risks. **Sectoral risk analyses** can significantly improve understanding of corruption in the context of the planned programmes and modules. These analyses are therefore made available by the BMZ, in particular **for core areas and relevant initiative areas**.

**During implementation**, the implementing organisations should review programmes and modules on a regular basis to assess the opportunities and risks they present in the area of anti-corruption and integrity, and modify them as appropriate. For example, suggestions that can be used not only to steer the BMZ in policy and substantive terms but also for collaborative learning so as to develop the portfolio further, can be recorded in reporting.

A contextual understanding of corruption is extremely important for implementation. In particular, an in-depth **understanding of corruption** in a specific country is helpful in order to distinguish between various forms of corruption, to assess the damage they cause to development processes and particular population groups, and to identify possible starting points and opportunities for anti-corruption

and integrity work. Combating corruption effectively requires patterns of corruption and the underlying interests and motivations of the actors involved to be identified. In order to facilitate corruption analysis at local level, as well as the development and implementation of context-specific approaches, and to learn lessons that can be applied to future measures, greater use should be made of accompanying results-based research activities. Furthermore, the implementing organisations should give assistance to this learning process by evaluating results and by providing support, examples of the process in use and good practices.

#### Donor coordination and action taken by donors collectively

It is particularly important that **donors in a partner country speak with one voice** as regards anti-corruption. Donor coordination in this area extends beyond specific arrangements to work together on individual programmes and modules. It includes taking a concerted approach to handling cases of corruption as well as appropriate and coordinated responses to a deteriorating level of governance and less willingness to embrace reform. Joint workshops, such as the U4 in-country workshops, can provide a good starting point for the donor community to address and understand anti-corruption and integrity.

The capacity of donors to attain successful outcomes in political dialogue with governments is greater where they act together. Objectives such as integrity in public administration, the effective use of anti-corruption and accountability systems, or the independent prosecution of crimes can be set jointly. In donor forums, anti-corruption should therefore feature routinely as a topic for discussion at all levels, from ambassador meetings through to technical sectoral gatherings.

## OECD support for managing risks of corruption

*In its Recommendation for Development Cooperation Actors on Managing Risks of Corruption, the OECD points to the importance of donors adopting collective approaches. To support actors in managing cases of corruption, the OECD's Anti-Corruption Task Team has drawn up its "Rapid Reactions to Corruption: Coordinating Donor Responses". <https://www.oecd.org/dac/accountable-effective-institutions/rapid-reactions-to-corruption-coordinating-the-donor-responses.pdf>*

## 4.3 Implementation in Germany, Europe and internationally

### Cooperation with partners in Germany, Europe and internationally

In an age of globalisation, the factors driving corruption can be found in particular at the international level and cover global interrelationships. German development cooperation therefore works internationally to further develop and raise the profile of anti-corruption and integrity, for example within the United Nations, OECD, G20 or in the EU, and to fight the international drivers of corruption – including in Germany. This also means that the BMZ presses for a **coherent approach within the German government**. Lessons learned from the application of the quality criterion are analysed and incorporated across government and internationally. The BMZ also works within the **bodies of multilateral organisations** to lobby for anti-corruption guidelines and strong compliance and integrity systems, leaning on the experiences it has gained from implementing the quality criterion.

Moreover, since many organisations (both governmental and non-governmental) involved in development cooperation face the same challenge of having to better understand and thus manage corruption in a specific context, **greater exchange between the organisations** is recommended. This can be done within the framework of existing or newly created donor or multi-stakeholder initiatives or via discussion formats, and supported by accompanying research and an evaluation of results where necessary.

### Compliance and integrity management for anti-corruption

Protecting development funds against corruption and misuse, and thus safeguarding the legitimacy of cooperation in the long term, are core objectives of the quality criterion. To achieve these, specific areas of compliance and integrity management that are geared towards anti-corruption and integrity need to be strengthened and continually enhanced. The basis for this is defined in the **"Federal Government Directive concerning the Prevention of Corruption in Federal Administration"** (2004)<sup>11</sup>. Among other things, the Directive makes transparency and the principle of greater scrutiny mandatory. It also introduces a requirement for staff awareness and education, and prescribes the introduction of internal prevention measures for personnel management in areas especially vulnerable to corruption. The Directive also lays down guidelines governing the award of contracts and the treatment of donations or contributions to partners. It also includes a Code of Conduct for employees and managers, and provides for the appointment of a contact person for corruption prevention.

<sup>11</sup> Federal Government Directive concerning the Prevention of Corruption in Federal Administration, of 30 July 2004, [https://www.bmi.bund.de/SharedDocs/downloads/EN/themen/moderne-verwaltung/Richtlinie\\_zur\\_Korruptionspraevention\\_in\\_der\\_Bundesverwaltung\\_englisch.pdf;jsessionid=5A1F6AAA88C40FE11901ABB9C762B5BC.1\\_cid373?\\_\\_blob=publicationFile&v=1](https://www.bmi.bund.de/SharedDocs/downloads/EN/themen/moderne-verwaltung/Richtlinie_zur_Korruptionspraevention_in_der_Bundesverwaltung_englisch.pdf;jsessionid=5A1F6AAA88C40FE11901ABB9C762B5BC.1_cid373?__blob=publicationFile&v=1).

All German development cooperation actors are responsible for effectively shaping these areas of the internal compliance and integrity management system. Accordingly, the respective compliance and integrity management systems have their own codes of conduct, advisory bodies for compliance and integrity issues as well as ombudspersons and (anonymous) reporting mechanisms for whistleblowers. Thanks to risk analyses, areas especially vulnerable to corruption are identified at regular intervals and preventive measures are introduced. External and internal reviews of the set-up and effectiveness of these systems are conducted on a routine basis. The OECD recommends that all institutions possess a code of conduct, integrate corruption prevention and detection measures into contracts, and have an appropriate sanctioning regime<sup>12</sup>. The implementing organisations and other German development cooperation bodies must report any cases of corruption to the BMZ as part of established reporting obligations. The BMZ will take appropriate action which may range from a suspension of the programme or module concerned, the calling in and/or recovery of funds, through to the imposition of specific anti-corruption measures and support with the development of mitigation strategies.

To support implementation of the compliance and integrity management systems, it is important that all staff members are trained accordingly. The training strategies already in place must therefore be applied systematically and routinely, and must be examined to ensure that they are effective and up-to-date. As well as being one of the fundamental responsibilities of compliance and integrity management, implementation of the systems is also an explicit task of line managers both in Germany and abroad. **Suitable advisory services** are available, especially for staff in the partner countries, in order to safeguard the effectiveness of these structures.

Compliance and integrity commitments are also passed on by the implementing organisations to their respective implementing and contractual partners. In this way, compliance and integrity principles and anti-corruption clauses are an integral component of contractual agreements with partner countries and institutions as well as with contractors.

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<sup>12</sup> Recommendation of the Council for Development Co-operation Actors on Managing the Risk of Corruption, of 16 November 2016, <https://www.oecd.org/corruption/anti-bribery/Recommendation-Development-Cooperation-Corruption.pdf>.



## 05 Measuring progress and mandatory requirements – How do we measure progress?

By systematically mainstreaming anti-corruption and integrity, the quality criterion lays the foundation for mitigating the harmful effects of corruption, enhancing the effectiveness of German development cooperation and protecting development funds. The quality criterion is implemented successfully once the associated mandatory requirements at all of the aforementioned levels (4.1 to 4.3) are implemented

consistently, systematically, and on an extensive basis, and the recommendations are taken into account as far as possible. The table below provides a summary of the units responsible for implementing individual requirements and recommendations. The unit responsible for anti-corruption and integrity is designated as the “responsible sector division”.

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### Requirements and recommendations at the strategy and policy level (section 4.1)

#### Mandatory requirements:

- *The responsible sector division monitors the compulsory mainstreaming of corruption in the brief political-economic analysis by conducting an annual assessment of the latter's terms of reference.*
- *The embassy and economic cooperation officers continue to include the issue of (anti-)corruption and integrity in reporting.*
- *Country divisions – supported by the responsible sector division – ensure that country strategies explicitly examine the level of corruption, the systems in place for preventing and tackling corruption, and the effectiveness of these systems in the partner country.*
- *Other sector divisions – in collaboration with the responsible sector division – ensure that the issue of anti-corruption and integrity is firmly established in the core areas and relevant initiative areas.*

- *Country divisions explore the issue of anti-corruption and integrity during political discussions and address it in an appropriate and systematic fashion in government consultations and negotiations.*
- *Country divisions routinely examine whether “TruBudget” can be included as a requirement in pledges to Financial Cooperation partners.*
- *Economic cooperation officers ensure that a contact person selected from the German development cooperation representatives on the ground is appointed in each partner country.*

#### Recommendations:

- *Country divisions can commission an in-depth risk analysis if specific sectors or measures are particularly relevant for reducing corruption in a national context.*
  - *Together with various stakeholders, country divisions can use the routine exchange formats to tackle the issue of anti-corruption and integrity openly and honestly.*
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## Requirements and recommendations for application in the portfolio (section 4.2): Planning, design, implementation and reporting of programmes and modules

### Mandatory requirements:

- *The implementing organisations must incorporate anti-corruption and integrity into all stages of the planning, design and implementation of programmes and modules and use the reporting process to set out measures and any action that is required.*
- *The implementing organisations ensure that specialist advice on mainstreaming anti-corruption and integrity in the planning, design and implementation of programmes and modules is provided.*
- *New members of staff whose work is directly related to the planning, design, implementation and reporting of programmes and modules must attend a training course on the mainstreaming of the quality criteria in German development cooperation. In addition to upskilling in compliance and integrity management, training on mainstreaming anti-corruption and integrity as a cross-cutting issue is also provided.*

- *The implementing organisations make systematic use of corruption risk assessment analyses during the planning and design of programmes and modules, and risk prevention measures are integrated.*
- *The responsible sector division provides sector-specific corruption risk analysis for core areas and relevant initiative areas; these analyses can be consulted for the purpose of incorporating anti-corruption and integrity into programmes and modules.*

### Recommendations:

- *The implementing organisations should use the lessons learned from results-based accompanying research and evaluation so that measures are planned and implemented in a corruption-sensitive manner.*
  - *The implementing organisations should provide support, working examples and good practices so that measures can be planned in a corruption-sensitive manner and implementation strengthened.*
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## Requirements and recommendations for application in the portfolio (section 4.2): Donor coordination and action taken by donors collectively

### Mandatory requirement:

- *Economic cooperation officers explore the issue of anti-corruption and integrity during donor forums.*

### Recommendation:

- *Should cases of corruption occur in the partner country, economic cooperation officers can use the “Rapid Reactions to Corruption: Coordinating Donor Responses” for discussions with donors.*
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## Requirements and recommendations for implementation in Germany, Europe and internationally: cooperation with partners (section 4.3)

### Mandatory requirement:

- *The responsible sector division evaluates the lessons learned from applying the quality criterion and incorporates these lessons both across government and internationally in an effort to promote mutual learning and the sharing of good practices. Dialogue forums within Germany (dialogue with other government departments, civil society and the private sector) and at the international level are one of the methods used for this purpose.*

- *Within the bodies of multilateral organisations, the responsible divisions lobby for strong anti-corruption, compliance and integrity systems.*

### Recommendation:

- *The implementing organisations should engage in in-depth discussions both with one another and with relevant international organisations on the challenges involved in dealing with corruption, and should bolster collaborative learning on good practices in anti-corruption and integrity.*
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## Requirements and recommendations on implementation in Germany, Europe and internationally (section 4.3): compliance and integrity management

### Mandatory requirement:

- *German development cooperation institutions have an appropriate compliance and integrity management system in place, which they refine on a continuous basis.*
- *The implementing organisations review their whistleblowing systems on an ongoing basis, adapting them where necessary so as to provide the best possible protection for whistleblowers.*
- *The implementing organisations ensure that cases of corruption are reported to the BMZ using the established procedures. Responsibility for investigating the cases lies with the implementing organisations.*

- *The implementing organisations ensure that staff, and particularly staff in partner countries, have access to compliance and integrity management advisory structures, and offer training on these structures.*
  - *German development cooperation institutions pass on their compliance and integrity commitments to their implementing partners and contractual partners.*
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The BMZ is responsible for monitoring the implementation of the quality criterion. For the individual levels of intervention, provision is made for **implementation review mechanisms**. The sector division responsible for reviewing implementation introduces the following mechanisms (monitoring system):

- The responsible sector division co-signs new and revised country strategies and checks whether the quality criterion is firmly embedded in all BMZ country strategies.
- The responsible sector division questions implementing organisations as part of routine (at least every three years) and random reviews of adherence with the requirements for the planning, design, implementation and reporting of the quality criterion in development cooperation programmes and module proposals.
- The responsible sector division conducts random and annual checks together with country divisions to see whether and how anti-corruption and integrity have been incorporated into donor forums.
- The responsible sector division conducts random and annual checks of responsible divisions to see whether and how the issues have been addressed within the bodies of multilateral organisations.
- Corruption prevention is monitored in annual reporting by the German government. The BMZ and the implementing organisations exchange information on an annual basis regarding the adequate implementation of the compliance and integrity mechanisms.

The implementation of the requirements under the quality criteria strategy and the lessons learned in relation to results and good practices from the implementation of the quality criterion are discussed in the thematic team Anti-Corruption and used for collaborative learning.

**The quality criterion is reviewed and assessed roughly one year before its end date as part of a process of reflection.** If required, it may also be revised/modified at an earlier stage. The lessons learned, which are generated by the sector division from the monitoring mechanism, are a source of key impetus for the review process.





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