



## **“Protecting the Public Purse: Fighting Corruption for MDG Acceleration”**

### *Sectoral Approach to Support the Implementation of UNCAC Preventive Measures*

Special Event at the 4<sup>th</sup> Session of the Conference of the State Parties to the United Nations Convention Against Corruption (UNCAC)

**Hosted by the Government of Morocco and UNDP**

11.00AM-1.00PM, Thursday, 27 October 2011

Marrakech, Morocco

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### **I. Background**

***“When public money is stolen for private gain, it means fewer resources to build schools, hospitals, roads and water treatment facilities...”***

– Ban Ki-Moon, United Nations Secretary-General, in his message on the occasion of the International Anti-Corruption Day 2009.

In its draft agenda, the UNCAC Secretariat proposes that in line with one of the major objectives of the Convention and the mechanism for the review of its implementation, namely, support of developing countries to implement the Convention through targeted technical assistance, the particular emphasis of the general discussion at the Conference of the State Parties (CoSP) should be on the achievement of the Millennium Development Goals (MDGs). This in line with paragraph 52 of the outcome document of the High-level Plenary Meeting of the General Assembly on the Millennium Development Goals at its sixty-fifth session, adopted by the Assembly in its resolution 65/1.

The outcome document of 2010 MDG Summit, [“Keeping the promise: United to Achieve the Millennium Development Goals”](#) and the [Istanbul Programme of Action \(IPoA\) of the fourth Conference of the Least Developed Countries](#) clearly identifies corruption as a major bottleneck to the achievement of the MDGs and notes that corruption is a serious barrier to effective resource mobilization and allocation and diverts resources away from activities that are vital for poverty eradication, the fight against hunger and sustainable development. At the global level, it is encouraging to see that member states have emphasized commitments to implement measures for strengthening anti-corruption capacities, as well as transparency and accountability mechanisms to curtail illicit financial flows, stop leakages of resources; thereby making more resources available for education, health care and other services. Thus,

integrity, accountability and transparency are crucial, since corruption is adversely affecting the poor particularly vulnerable groups, such as women.

Over the past decade, notable progress has been made on each individual MDG including some poor countries. Such success shows that the MDGs can be achieved. Yet progress is uneven between and within regions and countries and often too slow to meet the 2015 deadline. Some countries may not reach all of the MDGs, without renewed commitment and concerted action to address the major bottlenecks such as leakages of resources. Evidence shows that it is crucial to address the issues of resource leakages to accelerate the progress on MDGs.

Corruption and poor governance help explain why increased funding allocations, such as those aimed at meeting the MDGs, have not necessarily translated into tangible MDG achievements. For example, the African Union estimates that corruption costs African economies more than US\$ 148 billion dollars each year. This figure represents 25 percent of Africa's GDP and increases the cost of goods by as much as 20 percent thereby deterring investment and inhibiting development. If 10 percent of the money lost through corruption is recovered by anti-corruption interventions, about US\$74 billion dollars could be available for poverty reduction and development initiatives in Africa, enough to fund the education, HIV/AIDs, hunger, water and sanitation MDGs combined between 2010 and 2015.

Similarly, according to Global Financial Integrity, every year the developing world as a whole loses as much as US\$1 trillion in illicit financial outflows. A recent study commissioned by UNDP study **"Illicit Financial Flows from the Least Developed Countries: 1990-2008"** finds that illicit financial flows from the LDCs have increased from US\$9.7 billion in 1990 to US\$26.3 billion in 2008. That is money which could otherwise be helping to get all children into school, helping all mothers give birth safely, and expanding access to basic healthcare, better nutrition, and clean water and sanitation for all.

Data show that resources lost through illicit financial flows are more than enough to fund the estimated resources required to meet the MDGs. According to the conservative UN estimates, US\$30 billion is required globally to meet the MDG target on education for all. Similarly, an estimate of an additional \$39 billion and \$25 billion per year is required for meeting the income poverty goal and all the health-related goals, respectively.

The impact of petty corruption – small scale and bureaucratic corruption that is common for instance in service delivery such as hospitals, schools, etc. – has even more severe impact on poverty as it disproportionately affects the poor, marginalized and vulnerable populations as corruption increases the cost of living for poor individuals, who cannot afford to pay the extra prices or bribes, but are too disempowered to do anything else. For example, according to the Transparency International (TI), corruption is estimated to raise household price of water by as much as 30% and general price of goods by 20%. The World Bank's Africa Development Indicators 2010 further tried to quantify the impact of a different kind of corruption - the malpractice of frontline providers such as absenteeism of teachers in schools and doctors in primary clinics or drugs being stolen from public clinics and sold in the private market as well as subsidized fertilizer being diluted before it reaches farmers- on the development of Sub-Saharan Africa, where this malpractice has harmful long-term consequences, particularly for the poor who rely more on government services to satisfy their most basic needs.

Success in meeting the MDGs by 2015 will therefore largely depend on the level of effectiveness, efficiency and equity in resource generation, allocation and management on the one hand and the strength and effectiveness of anti-corruption capacities and institutions to prevent corruption and hemorrhages of resources on the other hand.

Wang Anshi, a Chinese economist, statesman and poet from the 11<sup>th</sup> century blamed corruption on bad man and bad laws, but Robert Klitgaard and Heather Baser in their book published in 1997 and titled “Working Together to Fight Corruption: State, Society, and the Private Sector in Partnership” argued that corruption is not primarily a problem of bad people but of bad systems”. Addressing corruption risks by integrating anti-corruptions in sectors (such as promoting participation, transparency, accountability, integrity, and responsiveness) thus help to strengthen anti-corruptions system and institutions contributing to building strong preventive measures as stipulated in “UNCAC Chapter 2: preventive measures”.

The sectoral approach thus has various advantages. First, focusing on a particular sector helps inform more concrete approaches to the problem of corruption and it helps to target a specific sectors where MDGs lagging behind. The sectoral approach recognizes the importance of principles of proper management of public affairs and public property, fairness, responsibility and equality before the law and the need to safeguard integrity and to foster a culture of rejection of corruption. Secondly, the sectoral approach is useful to find entry points for programming interventions even in a situation where there is no political will at the macro level.

## II. Objectives and Scope of the Special Event

As mentioned above, anti-corruption in sectors has been recognized an important approach towards strengthening preventive capacities, particularly it brings together a comprehensive and multi-disciplinary approach to the problem. In fact, UNCAC preamble mentions, “Convinced also that a comprehensive and multidisciplinary approach is required to prevent and combat corruption effectively.”

However, in reality, there are limited interventions that aim to integrate anti-corruptions in sectors. The MDG Synthesis Report 2010, which summarizes the major finding from more than 33 MDG national reports, found that transparency, accountability, and integrity issues are common bottlenecks and constraints to achieving almost all MDGs in many countries. However, there is limited availability of knowledge, expertise, tools and methodology available to integrate or mainstream anti-corruption in sectors or MDG-related processes to address corruption vulnerabilities and provides decision-makers with concrete evidence on which gaps need to be addressed and how. In fact, there is a “**missing middle**” problem, meaning either we have expertise on sectors or on anti-corruption, but hardly on both). With this background, this event will have the following objectives:

1. To bring together representatives from multi-lateral and bilateral institutions, member states and civil society organizations to discuss why and how to address corruption in sectors (e.g., education, water and health)
2. To share tools, methodologies and good practices on anti-corruption in various sectors
3. To discuss how a sectoral approach to fighting corruption contribute to UNCAC review process and the implementation of UNCAC.

### III. Impact and Follow Up

The participants will have a better understanding of the importance of sectoral approach to support the implementation of UNCAC preventive measures. The member states and participants will also have knowledge on how to assess the available tools, methodologies and good practices to integrate anti-corruption in a particular sector. Moreover, UNDP and other partners will follow up with interested member states to provide technical assistance to implement programming in support of strengthening sectoral and institutional integrity.

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#### Special Event Agenda:

**Chairperson:** Ms. Geraldine Fraser-Moleketi, Director, Governance Practice, UNDP

##### 1. Opening remarks

- H.E. Mohamed Saad El Alami, Minister of Public Sectors Modernisation
- Alia Al Dalli, (a.i.) UN Resident Coordinator and UNDP Resident Representative, Morocco.

##### 2. High Level Panel (*moderated by the Chair*)

- **UNDP's global and regional initiatives on strengthening anti-corruptions in sectors**  
(Phil Matsheza, Policy Advisor: Anti-Corruption and Arkan El-Seblani, Programme Legal Specialist)
- **Relevance of sectoral approach to UNCAC Review process**  
(Dimitri Vlassis, Chief, Corruption and Economic Crime Section Division for Treaty Affairs, UNODC)
- **Morocco's experiences on strengthening anti-corruption for MDGs**  
Mr. Rachid Belmoukhtar, President of the National Observatory of Human Development
- **Why and How to address corruption in sector: An GIZ experience**  
(Stefanie Teggemann, Head, Anti-Corruption and Integrity Division, GIZ)
- **Sharing World Bank's experience on integrity in sector**  
(Ms. Nadine Poupart, Senior Economist and Human Development Coordinator for Morocco)
- **Anti-corruption in education sector**  
(Muriel Poisson, Programme Specialist, UNESCO)
- **Anti-Corruption in health sector: WHO experience**  
(Mohamed Ramzy Ismail, Technical Officer, WHO)