

Practical advice on applying corruption risk assessments in fisheries supply chains

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Targeting **Natural Resource Corruption**



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About the Targeting Natural Resource Corruption project

The Targeting Natural Resource Corruption (TNRC) project is working to improve biodiversity outcomes by helping practitioners to address the threats posed by corruption to wildlife, fisheries and forests. TNRC harnesses existing knowledge, generates new evidence, and supports innovative policy and practice for more effective anti-corruption programming. Learn more at tnrcproject.org.

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About this resource

This collection of advice is derived from the experience of WWF Ecuador in assessing corruption risks in the mahi-mahi production chain. WWF Ecuador, with support from USAID within the framework of the Strengthening Natural Resources Governance in Ecuador program, adapted the international standard ISO31000 risk assessment methodology and produced an internal guide to identify and assess risks.¹ The Ecuador guide is similar to the “Methodological Guide for Corruption Risk Diagnostics in Fisheries Value Chains” developed by WWF Peru with support from the [Targeting Natural Resource Corruption \(TNRC\)](#) project. TNRC [summarized and adapted the Peru guide](#) for general use.

This resource complements the Peru guide, focusing on practical advice corresponding to each phase of the risk diagnosis process. With both resources, users can adapt and apply the ISO31000 methodology to their own needs, in other fisheries value chains or even other natural resource sectors. We hope that these tips – based on the experiences of WWF Ecuador – will facilitate that process.

¹ The initial guide was authored by the following members of the WWF Ecuador team: Ana C. Almeida and Paula Andrea Hernández Molina, with Tarsicio Granizo, Bernardo Ortiz Von Halle, Pablo Guerrero, Arturo González, Fernando Rey Diz



1. The importance of participation, capacity-building, and consensus

To assess corruption risks in the mahi-mahi supply chain, WWF Ecuador considered and adapted the principles of effective risk management enumerated in ISO 37001. Their adaptations focused on three elements of inclusion, with the aim of developing a comprehensive, legitimate and reliable analysis for the fishing sector WWF Ecuador convened all the actors that make up the supply chain from the initial risk assessment stage and considered

their knowledge, point of view and perceptions throughout the process. Similarly, the team kept the culture and environment in which the artisanal mahi-mahi fishing takes place, and fishers' tradition and needs, well in mind.

- » **Participation:** Including all fishery actors (fishing organizations, companies, authorities both directly **and** indirectly responsible) brings different perspectives on corruption and a range of knowledge and expertise to bear on recommended responses. This inclusive approach sought to ensure the assessment was realistic and reflected the needs of the sector, with the goal of encouraging uptake of the results.
- » **Capacity building:** Training was provided to generate knowledge and basic capacity among participants for the analysis and evaluation stages, again with the goal of involvement and consensus in the assessment and response stages. Training sessions included the ground rules contained in Figure 1.
- » **Consensus:** Stakeholder agreement on the identified risks, along with a joint and transparent process to identify concrete and viable preventative actions, lent the methodology legitimacy and generated trust among all those involved. It led to collective action among the fishing sector, authorities, and businesses and helped create agreements to strengthen governance in the sector. It also encouraged more organizations that wanted to join later in the fight against corruption.

Figure 1

GROUND RULES FOR TRAINING SESSIONS AND WORKSHOPS

- ✔ NOT A SPACE FOR COMPLAINTS
- ✔ SPACE FOR CONSTRUCTIVE DIALOGUE
- ✔ COMMENTS SHOULD MOVE THE CONVERSATION FORWARD
- ✔ WE AREN'T LOOKING FOR PERPETRATORS, WE ARE LOOKING FOR SOLUTIONS
- ✔ RESPECT PEOPLE AND IDEAS
- ✔ OPEN MINDS IN THE SEARCH FOR SOLUTIONS

2. Contextualization

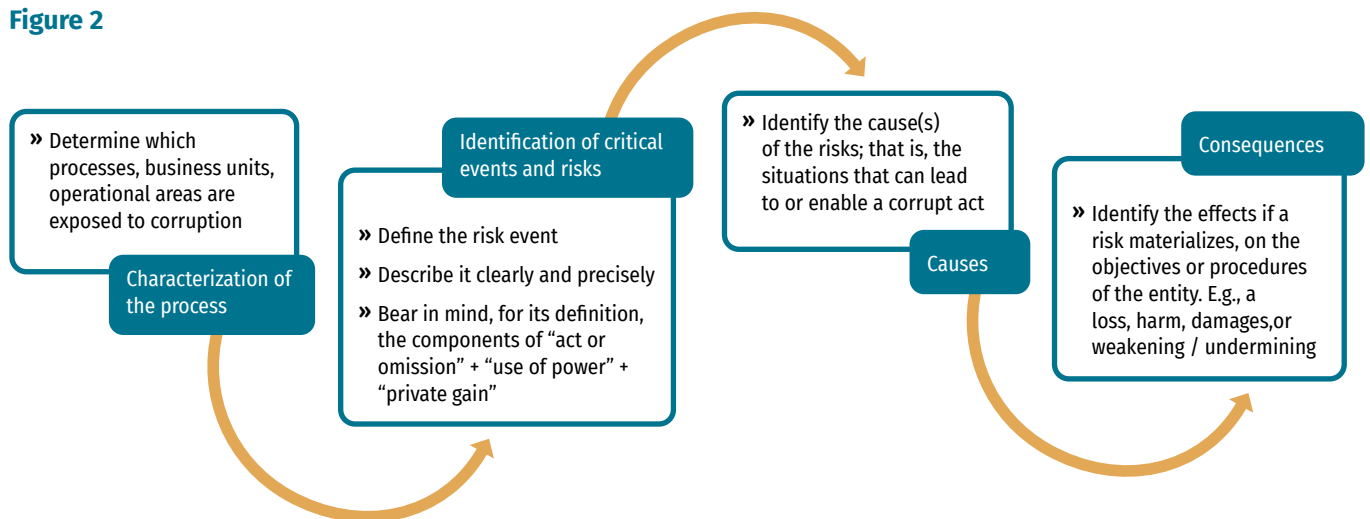
Identifying corruption risks requires understanding the external (e.g., economic conditions, legal factors) and internal (e.g., sector governance, information flows) context of the production chain. [Rotten Fish](#), the guide produced by UNODC, offers a variety of questions and considerations for the contextualization phase. Specific examples that were important in the evaluation in Ecuador included:

- » How available, comprehensive, and adequate are the official data and statistics for the species considered? For incidental species?
- » How is the access to public services and social resources in the areas where the fishermen of the analyzed fishery reside? In that geography, is there a state presence in terms of public officials, security forces, health, education, etc.?
- » How do fishermen perceive the entities in charge of the sector?
- » What is the security situation in the area? What types of illegality affect the sector or related sectors (e.g., illegal fuel trafficking)?

3. Identifying risks

In this stage, the team characterized the processes of the mahi-mahi production chain, identified the relationships of each key actor, and clarified the paperwork involved. Possible corruption risks at “critical events”(key points in the supply chain) were identified, and the stakeholders validated them. Once the events and risks have been validated, the causes and/or situations that may give rise to corruption risks are identified, as well as the likely consequences of corrupt actions in these situations. Figure 2 summarizes this process as WWF Ecuador carried it out.

Figure 2



4. Risk assessment

A “value” for risks can be estimated by multiplying the probability of the risk materializing by the level of impact the actual event can have on the activity or outcomes that you seek.

- » Probability refers to the likelihood that the action or event described in the risk statement will happen. It can be estimated using historical frequency if there is data, or qualitative estimates based on the experiences of the experts and stakeholders affected.
- » Impact assesses the consequences of the action or event taking place. It can be low, moderate,

high, or catastrophic, depending on the effects it may have on the sector, resource, stakeholders, institutions, etc.

Risk ratings should be carried out in participatory consultation with the most affected stakeholders, as they may have different evaluations of probability and impact. In Ecuador, the team worked separately with representatives of fishers and authorities at first, coming back together for a joint consensus afterward.

In Ecuador, the team used the scales in Tables 1 and 2 to standardize probability and impact estimates. The result of the rating of each risk can be visualized in a matrix like the example in Table 3, and each risk will appear in one of the colored cells.²

Table 1

PROBABILITY			
Descriptor	Description	Frequency	Level
Seldom	Occurs in exceptional cases	Not observed in the last 5 years	1
Improbable	May occur but unlikely	Observed once in the last 5 years	2
Possible	It is possible for it to happen	Observed once in the last 2 years	3
Likely	Occurs in most cases	It was observed once in last year.	4
Almost certain	The event occurs in most circumstances, it is certain to occur	Has been observed more than once a year.	5

Table 2

IMPACT		
Descriptor	Description	Level
Moderate	Partially affects the natural resource, the production chain, and/or institutions, generating medium consequences.	5
High	Negatively impacts the natural resource, the production chain, and/or institutions, with high consequences.	10
Catastrophic	Causes disastrous consequences for the fishery resource, the sector, and/or institutions.	20

² In WWF Ecuador’s assessment, the team did not focus on “low impact” risks.

Table 3

RESULTS OF THE CORRUPTION RISK RATING				
Probability	Score	Risk of corruption		
Almost certain	5	25 Moderate	50 High	100 Extreme
Likely	4	20 Moderate	40 High	80 Extreme
Possible	3	15 Moderate	30 High	60 Extreme
Improbable	2	10 Low	20 Moderate	40 High
Seldom	1	5 Low	10 Low	20 Moderate
Impact		Moderate	High	Catastrophic
Score		5	10	20

5. Existing controls

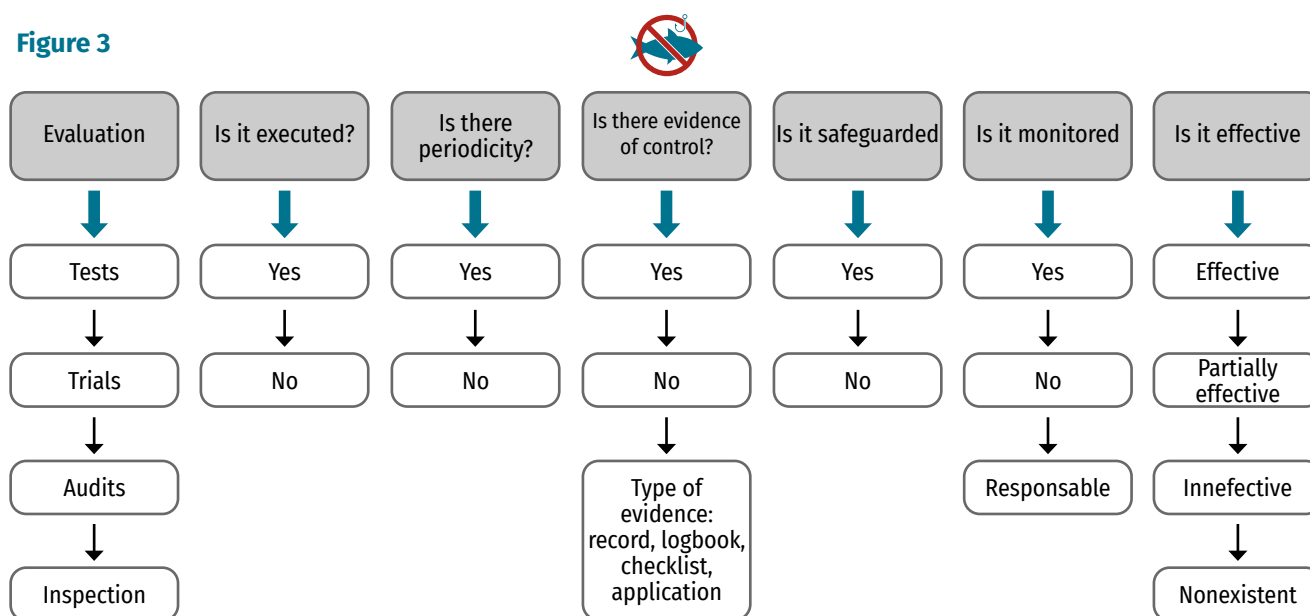
Once the risk value has been calculated, mitigating controls must be identified; that is, existing activities that can reduce the probability the event or action happening or the impact if it does. Controls can be:

- » **Preventative**, eliminating the cause or facilitator of the risk;
- » **Detective**, identifying and recording an event after it occurs; or

» **Corrective**, restoring the proper function of the process.

Each control has its own attributes, such as form and frequency of application, that determine its ability to mitigate risks. Practitioners should evaluate if the control is being applied, evidence of that application, how often it is applied, and the effectiveness it has.

Figure 3



Note that things like policies, procedures, or guidelines do not in themselves constitute a control. As used in this document, “controls” are activities performed to mitigate risk. For example, a code of conduct is not a control in itself, but consistently training all employees and/or officials on the

code of conduct and monitoring adherence to the training would constitute a control.

The above criteria establish the effectiveness of the control. In Ecuador, the team used the following scale to quantify effectiveness:

Table 4

Category	Description	Strength	Result	Score
Effective	Control activities are adequately designed and operative.	Effective	90%-100%	2
Partially effective	Control activities are adequately designed and operative, but opportunities for improvement exist.	Some opportunity for improvement	76%-89%	
Ineffective	Control activities are operating but important opportunities for improvement exist (e.g., in control design)	Moderate opportunity for improvement	51%-75%	1
Nonexistent	Control activities do not exist or have major gaps, or do not operate as expected	Critical opportunity for improvement	0%-50%	0

Finally, according to the ISO31000 methodology, the “residual risk” is calculated, i.e., the level of the risk remaining after taking the control measures into account. In the case of risks that have more than one control, the average effectiveness of all controls should be scored.

Considering controls can change the severity of a previously established risk, moving the risk from one cell in the matrix (see Table 3) to another. This has a clear logic: a very serious risk with many controls will have a lower potential impact and/or probability of occurring than a slightly less serious risk but no controls. In this way, the most critical risks can be more confidently prioritized for response.

6. Comprehensive anti-corruption responses

Once the risks of corruption have been identified and assessed, strategies and action plans must be developed to improve existing controls or generate new ones. Corruption can be addressed from several

approaches that can be divided into three areas: [prevention, detection, and enforcement](#). Generally, the most effective responses include systemic measures and multiple types of approaches.

Anti-corruption strategies for value chains have some [specific considerations](#), but other important aspects to evaluate include:

- » **Viability:** the likelihood of being able to execute the strategy, considering contextual limitations;
- » **Implementation time:** whether the strategy can be developed in the short, medium, or long term;
- » **Obstacles:** main impediments to carrying out the initiative, such as economic considerations, stakeholder will, cooperation between entities, etc.;
- » **Actors:** those who would have responsibility for the implementation and promotion of the initiative and their levels of motivation and commitment to it.

7. Interinstitutional agreements

With the responses identified, the final phase is to reach agreements to implement them. The level of publicity to give these agreements, how to frame the actions, deadlines, distribution of responsibilities, and other considerations, will all have to be negotiated and will ultimately depend on the context.

In general, these agreements will depend on collaborations involving more than one government agency and collaborations between the fisheries sector and government institutions. As [Rotten Fish](#) points out: “corruption often involves officials outside the fisheries sector... [like] customs officials, tax authorities or officials responsible for providing work permits to vessel crews.” If the team maintains a commitment to stakeholder engagement and consensus throughout the process, then this last phase will proceed relatively easily.

However, the responsibilities of this “last phase” do not end with the signing ceremony. It is universally necessary to include mechanisms to follow up on

commitments, both to support implementation and identify opportunities for adaptation and to ensure compliance. For example, one of the agreements in Ecuador is a collaboration among WWF Ecuador, a national navy directorate, and the undersecretariat responsible for fisheries at the Ministry of Production. Together, these institutions committed to clearly identify all the processes that a fisher must go through to fish in a legal and sanctioned manner. Each party to the agreement took responsibility for the most pertinent elements, with WWF offering the connection to fishermen for their contributions and socialization of the final product.

To the extent possible, then, the last tip is to identify how to integrate the agreements and actions they contain into other projects and programs. This gives the best chance of producing sustainable and impactful change.