

CORRUPTION IN TIMES OF CRISIS

G20 POSITION PAPER

RELEVANT COMMITMENTS

G20 Anti-Corruption Ministers Meeting, Ministerial Communiqué 2020:

We recall our stance of “zero tolerance towards corruption, zero loopholes in institutions and zero barriers in action.” Leading by example, we welcome potential future work on topics such as gender and corruption, corruption in times of crisis, the measurement of corruption, the protection of whistleblowers, and new and emerging avenues of corruption, as well as all other areas referenced in the G20 Anti-Corruption Action Plan 2019-2021.

THE CHALLENGE

A crisis can create the perfect storm for corruption to thrive. In an environment of high pressure and uncertainty, there is a considerable risk that precious public resources will be captured and decisions distorted by vested private interests. Documented risks range from the diversion of funds into private pockets by those exploiting emergency procurement processes, to the design of rescue packages that favour industries and companies with the most skilful lobbyists – rather than those most in need. This undermines the common good and comes at the expense of public welfare.

Corruption can cripple recovery and growth in the aftermath of crises. Building back better to increase future resilience has often meant short-term public subsidies, reconstruction efforts in the medium term and extensive infrastructure upgrades in the longer term – areas highly vulnerable to corruption.

Corruption undermines the preparedness of countries to deal with future emergencies, prolonging humanitarian crises and raising their

social, human and economic costs with severe long-term implications.¹ Experiences from previous earthquake disasters, for instance, have shown that corruption exacerbates natural disasters by undermining building regulations intended to ensure construction methods are earthquake-resistant. An investigation into the disbursement of its 2014-2016 West Africa Ebola funds found that more than US\$5m of aid was lost to fraud and corruption. In normal times, such losses create significant costs for governments, businesses and citizens. In times of crisis, it can cost lives.

A crisis must not become an opportunity to bypass accountability. Already before the current crisis, it was clear that governments needed to strengthen checks and balances, limit the influence of money in politics and ensure broad, inclusive input into political decision-making. Public policies must not be determined by economic power and budgetary resources must not be allocated according to political influence – but following fair consultation and impartial processes.

THE SOLUTION

In 2020, the G20 adopted a Call to Action on Corruption and COVID-19. The Group recognised that tackling corruption is essential to ensure a successful immediate response to the pandemic as well as to sustainable longer-term recovery efforts. In the call, G20 countries commit to actions in three broad areas:

1. Promoting transparency in COVID-19 response, including through the implementation of open data requirements and rules on conflict of interest and asset disclosure
2. Maintaining sound governance and enhancing oversight, including by limiting the use of emergency powers, strengthening audit functions, promoting anti-corruption checks in

¹ Jenkins, M., Khaghaghordyan, A., Rahman, K. & Duri J. 2020. [Anti-corruption strategies for development agencies during the COVID-19 pandemic](#), Transparency International Anti-Corruption Helpdesk

public procurement processes and protecting whistleblowers and civic space

3. Fostering integrity in the longer-term recovery, including by effectively implementing the recommendations of the Financial Action Task Force (FATF), UNCAC and the OECD Anti-Bribery Convention as well as maintaining sufficient capacity and resourcing of anti-corruption authorities to enable them to succeed

Many of the commitments made as part of the Call to Action had been previously agreed by G20 members and spelled out in a series of high-level principles.² However, G20 countries have largely failed to effectively implement many of these principles.³ Had many of these previous commitments been implemented in the past, by now more countries would have meaningful transparency and accountability mechanisms in place and be better equipped to deal with the COVID-19 pandemic.

With the pandemic far from over, countries still face severe challenges to guarantee broad access to healthcare, ensure transparency in the purchase of vaccines and uphold equity in the distribution of those vaccines as key steps towards a fair recovery.

To tackle the pernicious impact of corruption in times of crisis, the G20 needs to prioritise the effective implementation of key high-level principles to deliver on its Call to Action.

During 2021, the Group must begin to publicly report on the implementation of its Call to Action and hold members to account for delays in taking effective steps in this direction.

RECOMMENDATIONS

In times of crisis, more than ever, anti-corruption must become a priority for governments. They must

ensure appropriate safeguards are integrated into crisis response programmes, prevent and manage conflicts of interests, commit to transparent procurement as well as an “open by default” approach to data and promote beneficial ownership transparency. Equally important is ensuring effective reporting and auditing of disbursed funds, monitoring the effectiveness of humanitarian programmes, expanding civic space and whistleblowing platforms, and long-term investments in accountability and oversight institutions. Having recognised the importance of transparency and accountability to ensure a swift and sustainable recovery, the G20 needs to redouble its efforts to effectively implement key high-level principles to deliver on its Call to Action and hold members to account for delays to take effective steps in this direction.

Political decisionmaking

Notwithstanding strict procedures and oversight mechanisms being (temporarily) relaxed or suspended to respond to the crisis, G20 countries should undertake an open-by-default approach to data. They should provide meaningful, comprehensive, searchable and free-to-access government data on lawmaking and spending decisions, including when it comes to parliamentary voting records, government meetings as well as conflict of interest and asset disclosure systems. G20 countries can start making progress by publishing existing data in a timely manner and in formats that allow linking it up with public procurement and company ownership data. Such information remains essential for the G20 countries to comply with their own Anti-Corruption Open Data Principles and deter undue influence in their management of the crisis.

Public procurement

As widely documented since the beginning of the COVID-19 pandemic, the need to act quickly has often resulted in improper and non-competitive

² For example: High-Level Principles on asset disclosure by public officials (2012), High-Level Principles on Beneficial Ownership Transparency (2014), Anti-Corruption Open Data Principles (2015), Principles for Promoting Integrity in Public Procurement (2015), High-Level Principles on Cooperation on Persons Sought for Corruption and Asset Recovery (2016), High-Level Principles for Preventing and Managing ‘Conflict of Interest in the Public Sector (2018), High-Level Principles for the Effective Protection of Whistleblowers (2019).

³ Martini, M. & Murphy, M., 2018. [G20 Leaders or Laggards? Reviewing G20 promises on ending anonymous companies](#), Transparency International; Vrushi, J. & Hodess R., 2017. [Connecting the Dots: Building the case for open data to fight corruption](#), Transparency International.

procurement procedures. In line with its previous commitments, G20 countries should:

- Publish, in a timely, accessible, and complete way, all public procurement contracts and all necessary details, such as information on goods and services procured, total breakdown of costs, details of natural or legal persons contracted (including their ultimate owners), name of the public officials awarding the contracts as well as technical and economic justification of the procurement
- Use open and competitive bidding; strictly limit the use of emergency non-competitive processes
- Ensure emergency relief expenditures are made available to auditors and other oversight bodies; promote coordination between control bodies and contracting entities to keep effective control of both the budget as well as goods and services procured
- Establish mechanisms for public reporting; investigate and sanction any observed irregularities

Beneficial ownership transparency

To fight anonymous shell companies that enable corruption, fraud, organised crime and tax evasion, it is crucial that competent authorities and the public at large have direct and timely access to the real owners of legal entities and arrangements. The G20 should effectively implement its High-Level Principles on Beneficial Ownership Transparency and promote new global standards that require jurisdictions to establish central, public beneficial ownership registers with verified information. Such public registers can be essential in times of crises by preventing criminals from hiding behind shell companies to gain public contracts or to access stimulus packages fraudulently.

Whistleblowing

In line with its High-Level Principles on Effective Protection of Whistleblowers, G20 countries should include strong reporting and whistleblower protection clauses in their relief programmes, enabling people to report corruption and fraud in

the disbursement of the programmes without fear of retaliation. Such reporting channels must be gender-sensitive⁴ and ensure the anonymity and security of those who report, as well as the follow-up of these reports.

Anti-corruption authorities

G20 countries must guarantee that anti-corruption bodies retain sufficient resources and independence to perform their crucial roles and ensure that money intended to alleviate the crisis is not subject to theft and hidden in secrecy jurisdictions abroad.

Civic space and media freedom

Protecting civic space, the right to participation and media freedom are essential in times of crisis. Responsible journalism can help arrest the spread of misinformation and thereby shore up trust, which is key to effective crisis response. Input and oversight by civil society organisations are also critical – both to strengthen overall accountability and to boost the quality and inclusiveness of public decision-making. The G20 should be doing all it can to promote the enabling conditions that allow civil society groups to do their jobs. This includes upholding high-quality freedom of information laws and ensuring their implementation, as well as guaranteeing freedom of expression.

Supporting information

Duri, J., 2021. [Corruption in times of crisis](#). Transparency International Anti-Corruption Helpdesk

Jenkins, M., Khaghaghordyan, A., Rahman, K. & Duri J. 2020. [Anti-corruption strategies for development agencies during the COVID-19 pandemic](#), Transparency International Anti-Corruption Helpdesk

Contact information

M. Emilia Berazategui
Global Advocacy Lead, Transparency International
mberazategui@transparency.org

⁴ It is important to strengthen LGBTQI+ and women's voices and empower them to report wrongdoing and gender-linked corruption. In doing so, cultural context should be taken into account as, for example, in some cultures, women may be more reluctant to hand in their complaint to a man. See: Zúñiga, N., 2020. [Gender sensitivity in corruption reporting and whistleblowing](#), Transparency International Anti-Corruption Helpdesk

