

U4 Helpdesk Answer

U4 Helpdesk Answer 2020:1

The costs of corruption during humanitarian crises, and mitigation strategies for development agencies

The COVID-19 outbreak poses particular challenges to anti-corruption efforts. The health sector is especially vulnerable to corruption; causing estimated annual losses of at least US\$ 455 billion of the US\$7.35 trillion spent. With a huge influx of cashflows and medical supply shortages, humanitarian emergencies create fertile ground for such problems. Corruption in humanitarian assistance results in a reduced quantity and quality of aid reaching the targeted beneficiaries, which may prolong humanitarian crises. Donor agencies can take some immediate steps to reduce the exposure of their own operations. These range from communication and coordination strategies to aid transparency and preventive safeguards in the area of internal controls and procurement processes.

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Query

In previous major humanitarian emergencies, what data is there that quantifies the amount lost to fraud and corruption, and/or demonstrates quantitatively the effect 'good' controls/measures can have? Please also summarise the anti-corruption measures development agencies can take.

Caveat

Researching this paper has revealed that there is a dearth of literature on immediate and tangible steps development agencies can feasibly take to reduce the risks of corruption during humanitarian crises. Most studies on anti-corruption during emergency conditions instead primarily discuss the integrity infrastructure donors should establish *before* a crisis hits, such as developing surge capacity and streamlined procurement protocols.

While development agencies with pre-established crisis management measures are doubtless better placed to manage corruption risks in the field, putting these systems into place takes time, a precious commodity agencies are unlikely to enjoy during crisis situations. For this reason, this Helpdesk Answer distinguishes between pragmatic short-term measures that all donors can take regardless of their existing level of preparedness and longer term strategies to tackle corruption.

Another conceptual distinction can be made between measures designed primarily to reduce the exposure of aid agencies' own operations to corrupt practices and broader good governance reforms donors can support state and non-state actors to implement in aid-recipient countries.

MAIN POINTS

- Corruption in humanitarian assistance results in a reduced quantity and quality of aid reaching the targeted beneficiaries, which, as a result, could prolong humanitarian crises.
- Corruption is occasionally seen as a cost of doing business in humanitarian contexts, especially where there is a perceived trade-off between exigency and due diligence. Yet anti-corruption procedures and accountability mechanisms are some of the best instruments to ensure that humanitarian assistance is being used effectively and donors' objectives are achieved.
- There are a number of immediate steps that donor agencies can take to tackle corruption in the context of the COVID-19 crisis, regardless of their existing level of preparedness. These range from communication and coordination strategies to aid transparency and preventive safeguards in the area of internal controls and procurement processes.

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Introduction

The outbreak of COVID-19 will require unprecedented levels of resourcing from national governments, international organisations, philanthropic groups, impact investors, multilateral development banks and bilateral development agencies to overcome the dual threat of the pandemic and the associated economic recession.

Simultaneously, many of these groups are loosening their anti-corruption safeguards, such as due diligence, oversight and accountability mechanisms in the name of achieving rapid impact.¹ Yet past experience has shown that the huge influx of financial flows into humanitarian settings creates fertile ground for fraud and corruption that can critically weaken the effectiveness of donors' interventions, with a disproportionate impact on the most vulnerable groups.²

In past emergencies, such as the Ebola epidemic, documented corrupt practices included the widespread diversion of funds and medical supplies, misreporting of salaries and payments for goods, petty bribery to bypass containment measures, such as roadblocks and quarantined zones, as well as flawed and opaque procurement processes.³

Fraud and corruption in humanitarian assistance results in a reduced quantity and quality of aid reaching the targeted beneficiaries.⁴ Furthermore, there are non-financial forms of corruption that affect humanitarian interventions, such as nepotism and cronyism in staff recruitment, sextortion, favouritism and political interference in aid distribution.⁵

Direct costs

Corruption leads to the direct loss of significant amounts of humanitarian assistance funds. The health sector is an especially problematic area for donors to operate in; a recent nationally representative survey in sub-Saharan Africa found that 14% of citizens who received medical services reported paying a bribe, a rate that rose to 43% in Liberia and the Democratic Republic of Congo, and a stunning 50% in Sierra Leone.⁶ Worldwide, it is estimated that at least US\$455 billion of the

¹ UNODC. 2020. [Accountability and the prevention of corruption in the allocation and distribution of emergency economic rescue packages in the context and aftermath of the COVID-19 pandemic](#).

² Rhodes, N. 2020. "Coronavirus: The perfect incubator for corruption in our health systems? 7 key Covid-19 points to consider", Transparency International Health Initiative.

³ Dupuy, K. and Divjak, B. 2015. "Ebola and corruption: Overcoming critical governance challenges in a crisis situation", U4 Brief.

⁴ Maxwell, D. et al. 2012. "Preventing corruption in humanitarian assistance: perceptions, gaps and challenges", Disasters, Vol 36(1).

⁵ Transparency International. 2016. "The humanitarian imperative: How curbing corruption can save lives", Policy Brief 01/2016.

⁶ Transparency International. 2019. [Global Corruption Barometer Africa 2019: Citizen's views and experiences of corruption](#).

US\$7.35 trillion spent on healthcare per year is lost to fraud and corruption.⁷

After the 2004 tsunami, Transparency International Sri Lanka alleged that over US\$500 million in tsunami aid had gone missing, which the government denied.⁸ Such systematic corruption cripples the ability of local healthcare systems in low-income countries to respond to humanitarian emergencies.

An independent audit by the Global Fund, and later the Associated Press in 2011, revealed that US\$34 million of its grants may have been misused in Djibouti, Mali, Mauritania and Zambia.⁹ This includes allegations of forged documents, improper book-keeping, donated drugs diverted and sold on the black market, and a range of 30% to 67% of funds reportedly misspent.¹⁰ As a result, some donor countries such as Sweden temporarily suspended their financial support of the Global Fund in light of corruption policy concerns.¹¹

In another example, the auditor general of Sierra Leone reported that about 30% of domestically sourced Ebola funds were disbursed without proper supporting documentation.¹² The detailed report also highlighted improper procurement procedures, including failure to produce procurement records for the purchase of 50 vehicles and ambulances totalling Le12.7 billion (about US\$3 million at the time) and for the

construction of an Ebola treatment centre in the northern district of Port Loko totalling Le2.7 billion (about US\$600,000).¹³ As the auditor general pointed out, the funds “may have been used for unintended purposes, thereby slowing the government’s response to eradicate the virus”.¹⁴

In 2017, the International Federation of Red Cross and Red Crescent Societies (IFRC) estimated that it lost over US\$6 million due to corruption and fraud during its Ebola outbreak operations from 2014 to 2016.¹⁵ Since the scandal, the IFRC has put in place a “triple defence” fraud prevention framework to strengthen its three lines of defence, namely operations, compliance and internal investigation.¹⁶

Past experiences have demonstrated that strengthening anti-fraud and anti-corruption controls may lessen the costs of corruption in humanitarian assistance. For instance, in 2004, the US Government Accountability Office (GAO) reported that 16%, an estimated at US\$1 billion, of payments made by the US Federal Emergency Management Agency (FEMA) during and after the hurricanes Katrina and Rita was “improperly distributed and potentially fraudulently obtained”.¹⁷ FEMA took several steps to strengthen its control on payments and in 2014, and GAO reported on FEMA’s improvements in detecting improper or potentially fraudulent payments

⁷ National Academies of Sciences, Engineering, and Medicine. 2018. “[Crossing the global quality chasm: Improving health care worldwide](#)”. Washington, DC: The National Academies Press.

⁸ The New Humanitarian. 2007. “[Tsunami aid ‘missing’, says anti-corruption group](#)”.

⁹ Associated Press. 2011. “[AP Enterprise: Fraud plagues Global Health Fund](#)”.

¹⁰ Mackey, T.K. and Liang, B.A. 2012. “[Combating healthcare corruption and fraud with improved global health governance](#)”, BMC International Health Human Rights 12, 23. .

¹¹ Usher, A. D. 2010. “[Defrauding of the Global Fund gives Sweden cold feet](#)”, The Lancet.

¹² Audit Service Sierra Leone. 2014. “[Report on the audit of the management of the Ebola funds](#)”.

¹³ Ibid, 15.

¹⁴ Ibid, 6.

¹⁵ IFRC. 2017. “[IFRC statement on fraud in Ebola operations](#)”.

¹⁶ IFRC. 2017. “[IFRC’s ‘Triple defence’ fraud prevention framework: Strengthening IFRC’s three lines of defence against fraud and corruption in high-risk settings](#)”.

¹⁷ United States Government Accountability Office. 2006. “[Hurricanes Katrina and Rita disaster relief: Improper and potentially fraudulent individual assistance payments estimated to be between \\$600 million and \\$1.4 billion](#)”.

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The costs of corruption in humanitarian crises

during and after Hurricane Sandy.¹⁸ About 2.7% of the assistance was identified as at risk of improper or potentially fraudulent payments, compared to 10% to 20% provided for the previous hurricanes Katrina and Rita. Though FEMA still encountered some corruption challenges, it was able to minimise these,¹⁹ demonstrating that enhancing fraud and corruption control measures can quantitatively reduce amounts of aid lost.

Indirect costs

The effects and costs of corruption are often not directly visible when it comes to a humanitarian emergency. A dynamic relationship exists between state power, corruption and undue influence in the background of a crisis, which plays an important role in exacerbating the consequences of disasters through patron-client networks.²⁰

Humanitarian crisis management encompasses a range of measures from pre-emptive risk reduction to post-disaster relief.²¹ It can involve public works, procurement and reconstruction efforts as major parts of the disaster response programme, all of which can be vulnerable to corrupt practices.²²

Humanitarian crises also intensify existing weaknesses in affected countries, such as poor internal control systems and fraught political climates. Such situations are further complicated

when issues of corruption and fraud are widespread in the disaster-affected country.²³

Earthquakes in Nepal (2015), Haiti (2010), China's Sichuan province (2008), Gujarat in India (2001), and Marmara in Turkey (1999) illustrate the role corruption plays in exacerbating natural disasters by undermining building regulations intended to ensure construction methods are earthquake resistant.²⁴ A 2011 study calculated that 83% of all deaths from building collapse in earthquakes over the past 30 years occurred in anomalously corrupt countries.²⁵ Earthquake-resistant construction depends on adherence to building codes, which is compromised when corruption results in the use of substandard materials and assembly methods, or the inappropriate siting of buildings.²⁶

Reliance on existing patron-client and kinship networks is likely to grow in the wake of a humanitarian emergency, which often leads to the unfair allocation of relief materials to particular groups.²⁷ A joint donor evaluation on the impact of the 2004 tsunami response on local and national capacities conducted claimholder surveys in Indonesia and Sri Lanka, which included a question on the fairness of the distribution of goods and services. A significant number of responses (21%) perceived that the distribution was unfair, with 6% in Indonesia and 8% in Sri Lanka, alleging favouritism.²⁸

¹⁸ United States Government Accountability Office. 2014. "Hurricane Sandy: FEMA has improved disaster aid verification but could act to further limit improper assistance".

¹⁹ United States Government Accountability Office. 2015. "Emergency management: FEMA has made progress since hurricanes Katrina and Sandy, but challenges remain".

²⁰ Saharan, V. 2015. "Disaster management and corruption: Issues, Interventions and strategies", Strategic Disaster Risk Management in Asia.

²¹ IFRC. 2020. "About disaster Management."

²² Willitts-King, B. and Harvey, P. 2005. "Managing the risks of corruption in humanitarian relief operations", Humanitarian Policy Group, Overseas Development Institute, London.

²³ Saharan, V. 2015. "Disaster management and corruption: Issues, interventions and strategies", Strategic Disaster Risk Management in Asia.

²⁴ Messick, R. 2016. "Death by corruption: The Nepal earthquake", The Global Anticorruption Blog.

²⁵ Ambraseys, N. and Bilham, R. 2011 "Corruption kills", *Nature* 469, 153–155.

²⁶ Ibid.

²⁷ Juma, K. M. and Suhrke A. 2002. "Eroding local capacity: international humanitarian action in Africa".

²⁸ Scheper, B., Parakrama, A. and Patel, S. 2006. "Impact of the tsunami response on local and national capacities".

Nepotism in recruitment practices in aid agencies, such as the recent scandal involving the United Nations Relief and Works Agency (UNRWA),²⁹ as well as sexual exploitation³⁰ of those (predominantly women) seeking access to aid also act as major impediments to a humanitarian relief response.³¹

Organised criminal groups have long used the aftermath of humanitarian emergencies to strengthen their hold over local communities. The Yakuza gangs have been renowned first responders during earthquakes and tsunamis in Japan;³² the Jalisco cartel distributed aid to hurricane victims in western Mexico last year;³³ meanwhile, al-Shabaab has provided relief and distributed food assistance during Somalia's cyclical droughts.³⁴ Citizens are more likely to turn to these alternative and illicit sources of authority in situations where state officials are known to routinely demand bribes or "facilitation payments" for performing normal public services.³⁵

In health crises, bribery may have far-reaching effects. Where affluent patients pay bribes to receive access to care as soon as possible, this can leave those most vulnerable at the bottom of the waiting list.³⁶ Bypassing quarantine measures during the ongoing COVID-19 pandemic has reportedly been made possible through the use of

bribery to get past checkpoints.³⁷ In such situations, the potential cost of corruption may be immense due to the infection risk posed to the overall population, further intensifying the humanitarian crisis.

As illustrated above, where corruption flourishes, this will prolong humanitarian crises and raise their social, human and economic costs with severe long-term implications. Donors must therefore prioritise measures to reduce corruption's effect in undermining effective crisis mitigation by integrated anti-corruption safeguards into their responses.³⁸ Effective corruption risk management will help donors "maintain control and effectiveness even when moving at high speed".³⁹

Anti-corruption strategies for development agencies in humanitarian crises

Curbing corruption is a long-term endeavour, even in settings with a functioning rule of law, political will and adequate resourcing. Countries in which donor agencies operate are often characterised by low absorptive capacity, weak institutions, instability, neo-patrimonial and kleptocratic networks, and other markers of fragility.⁴⁰ In these conditions, anti-corruption requires prolonged and

²⁹ UNRWA's top official, the commissioner general, Pierre Krähenbühl, was accused of appointing as an adviser a woman with whom he was romantically involved. See: Holmes, O. 2019. "Officials at UN agency for Palestinians face ethical abuse claims", The Guardian.

³⁰ United Nations University (UNU-Merit). 2017. "Corruption & migration: How women & girls pay a heavy toll".

³¹ Shipley, T. 2019. "Managing corruption challenges in humanitarian settings", Anti-Corruption Helpdesk.

³² Jones, T., 2011. "Yakuza among first with relief supplies", *In Japan*. U.S. Reuters.

³³ Mexico News Daily. 2019. "Jalisco cartel shown delivering aid to tropical storm victims".

³⁴ West, S. 2017. "Al-Shabaab plays on aid distribution role to win over desperate Somalis", Jamestown Foundation.

³⁵ Transparency International UK. 2014. "Countering small bribes", pp. 5-6.

³⁶ Rhodes, N. 2020. "Coronavirus: The perfect incubator for corruption in our health systems? 7 Key COVID-19 points to consider", Transparency International Health Initiative.

³⁷ Knoetze, D. 2020. "Covid-19: lockdown creates ripe pickings for corrupt police", GroundUp News.

³⁸ U4 Anti-Corruption Resource Centre. 2020. "Corruption in the time of COVID 19: a double threat for low-income countries."

³⁹ Transparency International. 2014. "Preventing corruption in humanitarian operations".

⁴⁰ Transparency International. 2016. "The humanitarian imperative: How curbing corruption can save lives".

committed engagement, and development actors may struggle to keep governance concerns on the agenda, let alone secure consensus on a roadmap for reform.

These challenges are heightened during humanitarian emergencies and associated socio-economic crises where pressing short-term relief efforts are likely to consume policymakers' attention and can result in the de-prioritisation of controlling and sanctioning corrupt behaviour.⁴¹ At the same time, such desperate circumstances also bring additional integrity risks. Humanitarian emergencies, such as those caused by natural disasters or epidemics, thus provide a perfect storm for corruption.

Indeed, given that donor agencies themselves are often expected to directly manage the distribution of resources to vulnerable groups in hard-to-reach areas and unfamiliar contexts within urgent timeframes, humanitarian crisis management can expose donors to a dizzying array of corrupt practices.⁴²

Forms of corruption in humanitarian settings extend beyond cash bribes to include the fraudulent diversion or theft of resources, the particularist denial or granting of access to resources, extortion, nepotism in beneficiary

selection as well as sexual exploitation of those seeking access to aid.

The exact nature of corruption encountered will depend on the form of aid being provided, whether this is shelter, food, healthcare, sanitation or infrastructure development.⁴³ Corruption can plague donor operations across the programme cycle as well as hamper backend support functions such as finance, supply chain management (procurement, transport and asset management) and human resources.⁴⁴

Unfortunately, corruption is occasionally seen as the cost of doing business in humanitarian contexts, especially where there is a perceived trade-off between exigency and due diligence.⁴⁵ Yet anti-corruption procedures and accountability mechanisms are some of the best instruments to ensure that humanitarian assistance is being used effectively and donors' objectives are achieved.⁴⁶

For this reason, development agencies under normal operating conditions are well-advised to enhance their emergency preparedness and establish dedicated crisis protocols to manage the rapid disbursement of resources needed in humanitarian settings while minimising corruption.⁴⁷ Transparency International states that "clear, pre-established procedures for rapid

⁴¹ U4 Anti-Corruption Resource Centre. 2020. "Corruption in the time of COVID 19: A double threat for low-income countries".

⁴² Transparency International. 2017. "Collective resolution to enhance accountability and transparency in emergencies: synthesis report".

⁴³ Shipley, T. 2019. "Managing corruption challenges in humanitarian settings", Anti-Corruption Helpdesk.

⁴⁴ Transparency International. 2014. "Preventing corruption in humanitarian operations".

⁴⁵ Transparency International. 2014. "Preventing corruption in humanitarian operations".

⁴⁶ U4 Anti-Corruption Resource Centre. 2020. "Corruption in the time of COVID 19: a double threat for low-income countries".

⁴⁷ Existing material such as the *Humanitarian Accountability Partnership Standard in Accountability and Quality Management* provides a ready reference widely supported by development agencies. See also a range of corruption risk management

literature for development agencies:

Hart, E. 2016. "Why is corruption risk management so hard? Assessing Current Practices in Development Aid";

Johnson, J. 2015. "The basics of corruption risk management. a framework for decision-making and integration into the project cycles";

Overseas Development Institute and Management Accounting for NGOs. 2006. "Mapping the risks of corruption in humanitarian action";

Relief Web. 2015. "Evidence on corruption and humanitarian aid"; Transparency International, Feinstein International Center, Humanitarian Policy Group. 2008. "Preventing corruption in humanitarian assistance";

Transparency International. 2014. "Preventing corruption in humanitarian operations";

response... help [donor agencies] achieve the optimum balance between the need for speed and the obligation for accountability and transparency during the initial rush to mobilise”.⁴⁸

As discussed below, measures that enable donor agencies to maintain control during emergencies can include the use of simplified procedures as well as “whitelists” of pre-approved suppliers and intermediaries.

While evidence suggests that agencies with pre-established preventive frameworks will be better able to effectively manage corruption risks once in the field,⁴⁹ there are a number of actions that development agencies can take immediately to reduce their operational vulnerability to corruption regardless of their existing level of preparedness.

In the medium term, as the crisis response matures, there is also potential for donor agencies to broaden their scope of action to support a range of more traditional anti-corruption measures designed to reduce background corruption in the wider operational environment.

Before turning to consider short-term and longer term measures donor agencies can take to reduce corruption, it is worth briefly reflecting on particular challenges to anti-corruption efforts posed by the COVID-19 outbreak.

Anti-corruption and COVID-19

Although the COVID-19 pandemic has severe implications for all societies, these challenges are particularly acute in low-income and low-capacity states. As the Crisis Group warns, COVID-19 has the potential to exacerbate underlying problems in fragile states, trigger social unrest, disrupt humanitarian aid flows, and inhibit peacekeeping and peacebuilding efforts.⁵⁰

The outbreak has already triggered demands for immediate and unprecedented donor support to low- and middle-income countries to help them cope with the public health crisis and economic crash.⁵¹ Yet in many countries in which donors operate, the state apparatus is likely to become increasingly dysfunctional, and it is unclear how decisions will be taken and how government policies and programmes will be implemented.

While corruption has the potential to severely inhibit the efficacy of donors’ financial and technical support to health systems in aid-recipient countries,⁵² anti-corruption efforts are themselves complicated by some of the unique features of the current humanitarian crisis. Not only does the truly global nature of the health crisis threaten to overwhelm donor capacity to work on all fronts but public health measures, such as social distancing enacted to slow the spread of the outbreak, complicate the physical delivery of aid. Due to the lockdown in many countries around the world,

Transparency International. 2016. “[Overview of corruption risk management approaches and key vulnerabilities in development assistance](#)”;

Transparency International. 2017. “[Collective resolution to enhance accountability and transparency in emergencies: synthesis report](#)”;

⁴⁸ Transparency International. 2014. “[Preventing corruption in humanitarian operations](#)”.

⁴⁹ Shipley, T. 2019. “[Managing corruption challenges in humanitarian settings](#)”, Anti-Corruption Helpdesk.

⁵⁰ Crisis Group. 2020. “[COVID-19 and conflict: Seven trends to watch](#)”.

⁵¹ Steingrüber, S. 2020. “[Measures to counter corruption in the coronavirus pandemic response](#)”, Global Anti-Corruption Blog.

⁵² U4 Anti-Corruption Resource Centre. 2020. “[Corruption in the time of COVID 19: a double threat for low-income countries](#)”.

reaching vulnerable communities has become more difficult and could worsen the existing problem of donor agencies having to pay bribes to access target communities in hard-to-reach areas.⁵³

Restrictions on the freedom of movement, and in some countries on freedom of expression, also hamper the operation of traditional oversight mechanisms. This applies both to vertical oversight by state agencies and parliaments, but especially to participative approaches that engage non-state actors to monitor humanitarian relief programmes. The extent to which civil society players will be able to participate in relief efforts, monitor government initiatives and represent marginalised communities is unclear. These restrictions also complicate donors' efforts to coordinate their activities with other donors, government agencies and NGOs.

The challenges COVID-19 poses to traditional aid modalities and delivery mechanisms mean that donors will need to adopt a principled but flexible approach. That said, not every aspect of the crisis is unprecedented. The remainder of the paper draws on available literature and experiences from past humanitarian interventions to provide guidance to development practitioners seeking to take tangible steps to reduce the risk that corruption will undermine the efficacy of their emergency response.

Ultimately, despite the scale of the challenge confronting development agencies, previous crises, such as the Ebola epidemic, have demonstrated that it would be a mistake to underestimate the resilience of aid-recipient countries.

⁵³ Haver, K. and Carter, W. 2016. "What it Takes: Principled Pragmatism to Enable Access and Quality Humanitarian Aid in Insecure Environments".

Short-term measures

A recent U4 report on the impact of COVID-19 on development assistance advised donors to prioritise "a sectoral approach to tackling corruption that places achieving health outcomes as the top priority and builds anti-corruption into intervention design".⁵⁴

Embedding anti-corruption into emergency programming will necessitate being realistic and pragmatic. Realistic in the sense that, in the short term, there is likely to be a spike in the incidence of corruption in donor operations. This is because as the total volume of funds increases so will new opportunities for the discretionary use of these resources. At the same time, constraints on corrupt behaviour are likely to decrease as existing accountability mechanisms struggle to adjust to the new circumstances.⁵⁵ Donors should acknowledge this risk, which entails being internally clear about their risk appetite as well as being open about their anti-corruption stance and policies with external audiences.

Pragmatism is also important. In the short term, development agencies should focus on the anti-corruption strategies and tools available to them that can be feasibly implemented immediately and reasonably expected to have some impact. This will likely mean prioritising the management of corruption issues that donors are likely to encounter in their own operations, especially in their programming related to the health sector, social protection, budget support and humanitarian assistance to vulnerable groups.

⁵⁴ U4 Anti-Corruption Resource Centre. 2020. "Corruption in the time of COVID 19: a double threat for low-income countries".

⁵⁵ Mungiu-Pippidi, A. 2013. "Controlling Corruption through Collective Action." *Journal of Democracy*, (24(1): 101–15.

This need for realism and pragmatism implies that, in the short term, donors should:

- focus on clear communication from the top that anti-corruption remains a priority
- be as transparent as possible when it comes to their own budgets and activities
- simplify and strengthen their internal preventive controls to the extent possible in light of the pressure to disburse funds quickly

These issues are considered in the next section. The final section of the paper then discusses the scope for donor engagement as the crisis response matures. It finds that in the medium term, development agencies should attempt to broaden their anti-corruption portfolio to support a range of more traditional anti-corruption measures designed to reduce background corruption in the wider operational environment.

Setting the tone on anti-corruption: the importance of development agencies' messaging

One of the most straightforward yet crucial things donors can do in-country is to be unequivocal in their messaging and communication that corruption is not a tolerable cost of doing business during the response to COVID-19. While emergency measures may be deemed to justify the “temporary relaxation” of some due diligence procedures,⁵⁶ clear statements to the effect that there will be rigorous ex-post accountability for decisions taken and money spent during the crisis can act as a disincentive for people looking to

exploit the current situation for private gain. Donors should publicly encourage open discussions about the high risks of corruption in humanitarian environments as part of their commitment to minimise it as much as possible.⁵⁷

At the international level, the IMF has recognised the importance of setting this tone from the top, with the fund's managing director cautioning national governments to “[s]pend what you can but make sure to keep the receipts. We don't want accountability and transparency to take the back seat”.⁵⁸

Such rhetoric can be accompanied by immediate tangible measures that should be widely communicated. These could include setting aside specific funds in each donor programme for evaluation and audit, as well as ring-fencing resourcing to programmes designed to improve governance and the financial management of key systems, particularly in the health sector. Donors could also consider offering financial incentives to those who report misappropriation of their funds.⁵⁹

In addition, donors should establish formal and unambiguous lines of accountability for decision making. The US chapter of Transparency International, for instance, has called for the appointment of an inter-agency anti-corruption task force to oversee the US government's international response to the pandemic, as well as the designation of dedicated anti-corruption focal points in embassies in high-risk countries receiving US humanitarian assistance.⁶⁰

⁵⁶ Transparency International. 2014. “[Preventing corruption in humanitarian operations](#)”.

⁵⁷ Ibid.

⁵⁸ Transparency International. 2020. “[COVID-19 receipts](#)”.

⁵⁹ Transparency International USA. 2020. [25 Essential anti-corruption provisions to include in the coronavirus response package](#).

⁶⁰ Ibid.

In addition to making explicit commitments to integrity and familiarising staff, subcontractors and intermediaries with their responsibilities, donors should seek to leverage their influence with government partners in aid-recipient countries to underscore that tackling corruption is central to ensuring effective crisis management.

Transparency International recommends that donors signal “continued commitment to good governance in high-level public statements and private meetings with governments”.⁶¹

By setting the tone in this manner, donors’ overt support for integrity measures can help ensure good governance does not slide off the agenda. In practical terms, the U4 recommends that donors encourage governments to appoint capable figures to head the national response to the COVID-19 crisis, noting that “despite [widespread patronage in the appointment of public officials](#), developing countries such as DRC, Uganda and Nigeria have been able to control the spread of Ebola by appointing experts with strong leadership skills to spearhead their epidemic response plans”.⁶²

Other anti-corruption experts stress that donors could act as a convenor to support efforts by national health ministries to “immediately establish transparently appointed oversight task forces that include not only ministry staff but also representatives from the national audit office, experts from civil society and similar bodies”.⁶³

Here, reference could be made to existing sectoral watchdog bodies like South Africa’s [Health Sector Anti-Corruption Forum](#) or the [Office of the Inspector General](#) in the US Department of Health and Human Services. Donors can encourage national governments to empower these bodies to “monitor pandemic-related financial allocations... and to follow up on all concerns about any misuse of funds, [and] instances of goods that do not arrive”.⁶⁴ Donors could also refer health oversight bodies to relevant sectoral initiatives, such as the [WHO Global Network on Anticorruption, Transparency and Accountability](#).⁶⁵

Beyond the health sector, donors can also stress to partner governments that they should uphold accountability systems during states of emergency and permit the justice system to continue to investigate and prosecute corruption cases in an impartial manner.⁶⁶ Where possible, donor agencies can support relevant anti-corruption agencies and law enforcement bodies to issue “[strong warnings against fraud and corruption](#) in crisis response measures”.⁶⁷ Donors can also point to good practice initiatives designed to ensure probity in the response to COVID-19, such as the US Justice Department’s decision to designate a dedicated “coronavirus fraud lead prosecutor” in all 93 attorneys’ offices across the country.⁶⁸

In light of growing concerns about threats “against health professionals for speaking out about the realities of COVID-19”,⁶⁹ donors can also stress the importance of civic space, freedom of expression

⁶¹ Transparency International. 2020. “[IMF: Make Covid-19 funds transparent, accountable](#)”.

⁶² U4 Anti-Corruption Resource Centre. 2020. “[Corruption in the time of COVID 19: A double threat for low-income countries](#)”.

⁶³ Steingrüber, S. 2020. “[Measures to counter corruption in the coronavirus pandemic response](#)”, The Global Anti-Corruption Blog.

⁶⁴ Ibid.

⁶⁵ Ibid.

⁶⁶ U4 Anti-Corruption Resource Centre. 2020. “[Corruption in the time of COVID 19: A double threat for low-income countries](#)”.

⁶⁷ Ibid.

⁶⁸ Kupperman Thorp, T. 2020. “[To defeat the coronavirus, stop corruption](#)” *Foreign Policy*.

⁶⁹ Transparency International. 2020. [Corruption and the Coronavirus: How to prevent the abuse of power during a global health pandemic](#).

and whistleblower protection in assisting timely and effective responses to the public health crisis.

Reference here could be made to the [1984 Siracusa Principles](#) on the Limitation and Derogation Provisions in the International Covenant on Civil and Political Rights, which provide guidance on government responses that restrict human rights for reasons of public health or national emergency.⁷⁰

Where there are concerns about excessive restrictions on freedom of expression and the right to information, donors could point to the recent [joint statement](#) by the United Nations Special Rapporteur on the promotion and protection of the right to freedom of opinion and expression, the OSCE Representative on Freedom of the Media and the IACHR Special Rapporteur for Freedom of Expression.⁷¹

Aid transparency

Providing accurate and timely information to the public is essential for development agencies to secure trust and facilitate coordination with other actors, including partner government bodies, other donors and NGOs on the ground. In the short term, donors should work as transparently as possible (“open by default”) to provide all relevant parties with the necessary information to plan, coordinate and evaluate the response to the pandemic.

Transparency is especially important as normally stringent procedures may be temporarily relaxed or

suspended during the emergency, so providing maximum data “to local governments, recipient communities and civil society organisations is important for effective monitoring and genuine accountability” and can help donors identify and mitigate corruption.⁷²

In addition to financial data, donors should also publish their activity plans and clearly link their spending commitments to stated desired outcomes. As the UNODC points out, the use of clear, objective and transparent criteria to identify intended beneficiaries is crucial to reduce the risk of corruption that can arise where those responsible for delivering aid enjoy a high level of discretion in selecting recipients.⁷³ Development agencies should ensure that those eligible for assistance are made aware of the nature and level of support they are entitled to and the method by which this will be delivered. Online platforms, social media and community radio may be valuable channels to communicate this information.

Donors should strive for emergency response funds to be registered in dedicated information systems available to the public, to make it easier to manage and control expenditures. Digital tools can help policymakers integrate and visualise data, identify possible red flags and increase the traceability of resource flows. In the context of the COVID-19 crisis, the use of new technologies could increase programme effectiveness while having the

⁷⁰ Donors could also point to the principles enshrined in [Resolution 2209](#) (2018) of the Council of Europe on State of emergency: proportionality issues concerning derogations under Article 15 of the European Convention on Human Rights.

⁷¹ Information Commissioners. 2020. “[Access to information in the context of a global pandemic: statement](#)”.

The statement notes that “broad restrictions on access to the internet cannot be justified on public order or national security

grounds” and urges “all governments to robustly implement their freedom of information laws to ensure that all individuals, especially journalists, have access to information”.

⁷² Transparency International. 2014. “[Preventing corruption in humanitarian operations](#)”.

⁷³ UNODC. 2020. [Accountability and the prevention of corruption in the allocation and distribution of emergency economic rescue packages in the context and aftermath of the COVID-19 pandemic](#).

additional benefit of reducing the need for physical contact that may heighten the risk of contagion.⁷⁴

Transparency International recommends the following measures:⁷⁵

- use the internet, wireless networks, mobile phones and other technologies to detect needs, enable scale and speed of response, enhance resource transfers to match needs, and get real-time feedback from beneficiaries
- map emergencies, assess needs and monitor projects via mobile apps and SMS reports from staff or, if there is no signal, data recorded by phone and later transferred to a computer
- cash-transfer programmes using electronic technologies should be scaled up to limit the risk of “ghost” beneficiaries and multiple registrations while also facilitating monitoring and controls
- publish aid information widely and compare planned projects with open data from governments, donors, researchers and non-governmental organisations

The Open Government Partnership is collecting [good practice examples](#) of how digital platforms and tools are being deployed as part of the COVID-19 response to keep citizens informed and nurture public participation around the world.⁷⁶

Donors and multilateral banks can also make use of existing tracking initiatives such as International Aid Transparency Initiative (IATI) and platforms

like the Inter-American Development Bank’s Mapa Inverciones.⁷⁷ The IATI Secretariat has released detailed publishing guidance on COVID-19 and strongly encouraged organisations who are involved in the international effort to address the COVID-19 pandemic to publish data on all their spending and activities.⁷⁸

[Publish What You Fund](#) is another initiative that can help with transparency and accountability during COVID-19. Publish What You Fund has developed [aid transparency principles](#) for bodies engaged in funding and delivering aid as well as for those who deliver aid on their behalf.⁷⁹ Online trackers should allow intended beneficiaries of funds, journalists, CSOs, parliamentarians to identify whether the aid reaches its target and report suspicious cases to donors.

As well as enhancing the transparency of their own operations, donors should also seek to reduce the opacity of government responses to COVID-19 at home and abroad. At home, development agencies can materially assist aid-recipient states by adding their voice to those like [the Open Data Institute in calling on](#) OECD governments to publish their epidemiological forecasting models and the data that underpins them in a machine-readable format and under an open licence.⁸⁰ That way, low-capacity governments would be better placed to adapt the latest scientific insights and computational modelling to develop COVID-19 strategies suited to their own contexts.⁸¹ In

⁷⁴ For examples of how technology can support anti-corruption in development settings, see Kukutschka, R. 2016. “[Technology against corruption: The potential of online corruption reporting apps and other platforms](#)”, Anti-Corruption Helpdesk. and Kossow, N. and Dykes, V. 2018. *Embracing digitalisation: How to use ICT to strengthen anti-corruption*.

⁷⁵ Transparency International. 2016. “[The humanitarian imperative: How curbing corruption can save lives](#),” Policy Brief #01/2016.

⁷⁶ Open Government Partnership. 2020. “[Collecting open government approaches to COVID-19](#)”

⁷⁷ De Michele, R. and Cruz Vieyra, J. 2020. “[How transparency can save lives in the coronavirus crisis](#)”, *Americas Quarterly*.

⁷⁸ International Aid Transparency Initiative. 2020. “[Publishing data on COVID 19 using the IATI Standard](#)”.

⁷⁹ Publish What You Fund. 2016. “[Publish what you fund principles](#)”.

⁸⁰ Open Data Institute. 2020. “[Covid-19: Making data and models open is part of the fight against it – governments must act now](#)”.

⁸¹ Ibid.

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conversations with aid-recipient governments abroad, donor agencies should underline their own adoption of aid transparency principles and urge government bodies to use transparent budgetary tracking tools to monitor relevant public spending.⁸²

Ultimately, as the Open Government Partnership observes, “it is in moments of disaster response and relief that the values of open government can come under intense pressure, but can also meaningfully contribute to better outcomes”.⁸³

Multi-stakeholder approaches

Development agencies should explore how to improve coordination between themselves and other donors, government bodies and NGOs active in the country. Collaboration between agencies working in the same humanitarian setting can also reduce the potential for corrupt practices such as “double-dipping”, created by duplication and overlap in emergency support. As such, information sharing is key, particularly with regard to any corruption schemes that donor agencies have uncovered in their own operations.

Channelling funds jointly with other donors through established mechanisms is believed to reduce the risks of corruption.⁸⁴ Country experiences suggest that establishing a centralised, multi-donor trust fund to manage incoming aid can improve outcomes, particularly if the fund is controlled by a board including representatives of

government, civil society, donors and international bodies.⁸⁵ To avoid delays to relief, donors could seek to build on existing resources and expertise, such as established multi-donor funds that could be adapted or repurposed to channel humanitarian assistance in the context of COVID-19.

A leading example of this is the Global Fund. Since being rocked by corruption scandals a decade ago, it has since developed [robust policies](#) and safeguards to prevent and mitigate corruption, including transparent open procurement systems as well as a sanctions regime.⁸⁶ The Global Fund is reportedly considering grants to tackle the COVID-19 outbreak, which the U4 proposes could represent an “opportunity for donors to join together for greater impact using a trusted grant-making entity”.⁸⁷

When using multi-donor funds, the U4 notes that it is key that partners establish “a shared understanding of risk appetite and risk sharing between the stakeholders”, including funders, administrating entities, implementing partners, national authorities and target beneficiaries.⁸⁸

In the medium term, Transparency International recommends that donors in humanitarian settings seek to build a culture of cooperation that ranges from agreeing pre-arranged responses to incidents of corruption (both internal and external to donor agencies), coordinating funding requests and resource allocations, sharing lessons learned and

⁸² Steingrüber, S. 2020. “[Measures to counter corruption in the coronavirus pandemic response](#)”, The Global Anti-Corruption Blog.

⁸³ Open Government Partnership. 2020. “[Collecting open government approaches to COVID-19](#)”.

⁸⁴ U4 Anti-Corruption Resource Centre. 2020. “[Corruption in the time of COVID 19: A double threat for low-income countries](#)”.

⁸⁵ Disch, A. and Natvig, K. 2019. “[Addressing corruption risks in multi-partner funds](#)”.

Jenkins, M. 2017. “[Models of donor coordination for managing multi-donor inputs](#)”, Anti-Corruption Helpdesk.

⁸⁶ U4 Anti-Corruption Resource Centre. 2020. “[Corruption in the time of COVID 19: A double threat for low-income countries](#)”.

⁸⁷ Ibid.

⁸⁸ Disch, A. and Natvig, K. 2019. “[Addressing corruption risks in multi-partner funds](#)”.

disseminating lists of debarred staff, partners and suppliers.⁸⁹

Preventive measures

In addition to the communication and coordination strategies mentioned above, donor agencies can take immediate steps to strengthen mechanisms designed to prevent corruption in their own operations. In light of the substantial pressure to disburse funds quickly, development agencies will need to be realistic and should focus on streamlining procedures in two key areas: internal controls and procurement. This will necessitate striking a balance between expediting due diligence processes while maintaining a reasonable degree of control. Donors would be well-advised to “identify and reinforce existing systems that have robust anti-corruption procedures” rather than attempting to devise new systems to safeguard funding.⁹⁰

An overriding principle should be to crowdsource accountability by engaging civil society organisations, journalists and state anti-corruption bodies to the extent possible during the COVID-19 crisis.⁹¹ Despite restrictions on their activities, civil society organisations can play a crucial role in public health systems, potentially assisting donors by acting as watchdogs on grant disbursement and holding implementing entities to account.⁹² Civil society often plays a key role in supporting budget-tracking measures and monitoring procurement systems.⁹³ They can also provide crucial user feedback through community healthcare

scorecards on issues such as informal payments, access to medicines, and so on.⁹⁴

Clear guidelines

Immediate measures donors should take at the outset of any humanitarian response include developing written guidelines as soon as possible and disseminate to all staff so everyone is clear about procedural freedom and boundaries in the current emergency. These guidelines should explicitly prescribe expected norms of behaviour and set out punitive measures – both administrative and, where appropriate, criminal – for failures to adhere to these standards.

While the need for expediency may justify the “temporary relaxation” of some procedures and regulations in setting up a programme, certain regulations remain essential if a programme is to be efficient and resistant to corruption. As such, it is important to clearly establish the qualitative criteria and the time limits for an initial crisis period during which special procedures can be used.

Internal controls

Internal controls are any organisation’s first line of defence against corruption. A useful reference point for the controls necessary to manage finance in emergency settings, and especially large amounts of cash, is EY’s 2015 [Framework for Improving Internal Controls for Humanitarian Aid Organisations](#). This guide covers key areas of

⁸⁹ Transparency International. 2014. “[Preventing corruption in humanitarian operations](#).”

⁹⁰ U4 Anti-Corruption Resource Centre. 2020. “[Corruption in the time of COVID 19: A double threat for low-income countries](#)”.

⁹¹ Ibid.

⁹² Ibid.

⁹³ Transparency International. 2020. “[Corruption and the Coronavirus: How to prevent the abuse of power during a global health pandemic](#)”.

⁹⁴ U4 Anti-Corruption Resource Centre. 2020. “[Corruption in the time of COVID 19: A double threat for low-income countries](#)”.

financial controls including budget preparation and requisition approval, purchasing processes, inventory management, cash receipts and disbursement, petty cash management and best accounting practices.⁹⁵

Other elements of an effective internal integrity management system include establishing robust due diligence processes and audit procedures.

Due diligence of partners

Intermediaries and implementing bodies are common features of contemporary responses to humanitarian disasters. The aftermath of 2013 typhoon Haiyan in the Philippines was typical in that less than half of donor funds were routed through national authorities.⁹⁶

As such, due diligence of partner implementing agencies, such as local non-governmental organisations or private contractors, is an important preventive measure.⁹⁷ Due diligence should assess the background and reputation of a partner, obtain their registration details and confirm their track record and ability to implement the planned programme with integrity. This information might be gathered by obtaining references and conducting desktop research. The approach should be risk-based, with an agency conducting more in-depth due diligence for partners presenting higher risks.

The UK Department for International Development's (DFID) recent [Due Diligence Guide](#)

is one such example and assesses potential partners across four pillars:⁹⁸

- governance and control: an assessment of risk management processes for bribery, corruption and fraud
- ability to deliver: consideration of past performance and staff capacity and capability
- financial stability: appraisal of financial management and audit procedures
- downstream partners: the quality of oversight where a partner is subcontracting elements of a programme

While, as DFID notes, due diligence processes in humanitarian emergency programmes may be completed *after* the first disbursement of funds,⁹⁹ it is important that key partners handling large volumes of funds undergo “some form of due diligence assessment as part of their pre-qualification”.¹⁰⁰ This “whitelisting” approach speaks to the advantages of crisis planning at country level *before* an emergency hits, a theme returned to later.

Procurement

The Open Contracting Partnership observes that when it comes to procuring goods and services in the context of COVID-19 the requirement to act quickly will typically trump competition and inclusion, and large sums may be paid upfront to secure supplies.¹⁰¹ Yet donors should not simply drop all anti-corruption safeguards in the procurement processes in the name of urgency, not

⁹⁵ EY. 2015. “[Improving internal controls: The EY guide for humanitarian aid organizations](#)”.

⁹⁶ International IDEA. 2016. “[Building back better: A democratic accountability assessment of service delivery after typhoon Haiyan](#)”.

⁹⁷ Shipley, T. 2019. “[Managing corruption challenges in humanitarian settings](#)”, Anti-Corruption Helpdesk.

⁹⁸ DFID. 2019. [Due diligence guide](#).

⁹⁹ DFID. 2020. Smart rules – April 2020. [Better programme delivery](#).

¹⁰⁰ DFID. 2019. [Due diligence guide](#).

¹⁰¹ Hayman, G. 2020. “[Emergency procurement for COVID-19: Buying fast, open and smart](#)”.

least given that the current surge in demand for medical supplies has generated legitimate concerns that suppliers will cut corners.¹⁰² In fact, some experts point out that during emergencies it is *more* likely that suppliers will “substitute lower-quality components, causing equipment to function less effectively or even degrade rapidly”.¹⁰³

Concerningly, the Global Initiative against Transnational and Organised Crime has observed growing criminal activity in the “procurement and the provision of counterfeit medical supplies”.¹⁰⁴

In these circumstances, “close and continuing oversight of procurement contracts and the movement of funds, as well as inspections of purchased and donated supplies” will not only serve to limit graft and corruption but also save lives.¹⁰⁵

There are a number of measures that governments and aid agencies alike can take to mitigate these risks. These include rigorous vetting and the establishment of clear audit trails (discussed below), as well as setting aside designated resources to conduct spot checks on the quality of goods and services, publicising complaint mechanisms and protecting whistleblowers.

Importance of procurement-related data

While it will doubtless be difficult for procurement bodies to operate in line with their typical standards of transparency, collecting as much high-quality data as possible on suppliers and prices

during the tendering stage “will be critical for pursuing disciplinary action against fraud and other irregularities later”.¹⁰⁶ A number of countries, including Ukraine and Colombia, have taken the lead in publishing all emergency contracts in full open data format, including terms of payment, delivery and value.¹⁰⁷

This has allowed civil society to monitor medical procurement and emergency spending to track price differences for COVID-19 tests in the country’s **regions** and **capital** to **check the price** of critical medical supplies.

An immediate step that development agencies can take is to remove the paywalls that the Open Contracting Partnership notes many donor-funded tender notices are locked behind.¹⁰⁸

Accelerated procurement procedures

Fast-track, simplified procurement procedures can facilitate rapid responses while maintaining compliance with good procurement principles. Some national governments, including **Italy**, have responded to the crisis by centralising and radically simplifying its procurement processes for emergency equipment.¹⁰⁹ During emergencies, donors should seek to include (including through secondment) experienced procurement staff in emergency response teams and give procurement staff some additional, though clearly documented, freedoms. These could include:¹¹⁰

¹⁰² Rhodes, N. 2020. “Coronavirus: The perfect incubator for corruption in our health systems? 7 Key Covid-19 points to consider”, Transparency International Health Initiative.

¹⁰³ Kupperman Thorp, T. 2020. “To defeat the coronavirus, stop corruption”, *Foreign Policy*.

¹⁰⁴ Global Initiative Against Transnational Organised Crime. 2020. “Crime and contagion”.

¹⁰⁵ Kupperman Thorp, T. 2020. “To defeat the coronavirus, stop corruption”, *Foreign Policy*.

¹⁰⁶ Open Contracting Partnership. 2020. “5 procurement strategies for navigating the COVID-19 crisis from around the world”.

¹⁰⁷ Hayman, G. 2020. “Emergency procurement for COVID-19: Buying fast, open and smart”.

¹⁰⁸ Open Contracting Partnership. 2020. “5 procurement strategies for navigating the COVID-19 crisis from around the world”.

¹⁰⁹ Ibid.

¹¹⁰ Transparency International. 2014. “Preventing corruption in humanitarian operations”.

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- the ability to solicit and accept quotes orally (though subsequently documented)
- shorten deadlines for response
- ask for brand-name goods if that helps to describe a product easily (but be clear that an equivalent is acceptable)

Where pre-approved lists of suppliers and partners are available, such as through DFID’s [Rapid Response Facility](#), these can be used to procure goods and services from suppliers with established track records and mobilise organisations with extensive experience in disaster response.¹¹¹ When possible, sourcing prequalified suppliers should also cover supply chain and logistics needs.¹¹²

Finally, donors may choose to procure goods and services via established third-party channels. The U4 notes that development agencies could leverage the Global Fund’s “transparent open procurement system... [to] procur[e] medical devices and other needed supplies”.¹¹³

Minimum standards for emergency procurement

Transparency International has set out minimum standards for public procurement to reduce risks, such as hidden contracts, overpricing and collusion, during the COVID-19 crisis.¹¹⁴ Relevant elements for development agencies include:

- clear limits on the use of emergency non-competitive processes and documentation of exceptions to standard procedures
 - Where the full tender procedure is simplified or waived, donors should

nonetheless try to solicit as many offers as possible and involve at least two people in evaluating these offers.¹¹⁵ Continuing to maintain a separation of duties in finance teams and decision-making committees when it comes to partners and suppliers is crucial to prevent conflicts of interest that can result in corruption.¹¹⁶

- the publication of all contracts as well as the names and beneficial ownership information of companies awarded contracts
 - Development agencies should continue to issue contracts and document transactions, even if this comes with some delay. Including anti-corruption clauses into contracts and requiring contractors and sub-contractors to provide information on their beneficial owners can further dis-incentivise corruption, even if investigation and verification cannot be conducted until after the emergency.

Guidance for donors on emergency procurement

There is specific guidance available to assist donors to reduce corruption during procurement procedures in humanitarian settings.

The 2011 European Commission’s [Humanitarian Aid Guidelines for Procurement](#) present a comprehensive set of standards, which include the mandatory principles of ethics and transparency in

¹¹¹ Edwards, S. 2020. “Exclusive: DFID poised to announce COVID-19 funding through rapid response network”, *Devex*.

¹¹² Transparency International. 2014. “Preventing corruption in humanitarian operations”.

¹¹³ U4 Anti-Corruption Resource Centre. 2020. “Corruption in the time of COVID 19: A double threat for low-income countries”.

¹¹⁴ Transparency International. 2020. “IMF: Make COVID-19 funds transparent, accountable”.

¹¹⁵ Transparency International. 2014. “Preventing corruption in humanitarian operations”.

¹¹⁶ *Ibid.*

the procurement process.¹¹⁷ The guidelines outline tendering procedures to ensure equal treatment of bidders and value for money. There is a procedure for urgent actions, based on a single bidding negotiated procurement, and specific guidance on food aid procurement as well as procurement of pharmaceutical and medical products.

According to the U4 study [Corruption in Emergency Procurement](#), preventive measures at the agency level are key to controlling corruption risks in emergency situations (see Box 1). These include, among others: reducing risks associated with on-the-spot purchases; ensuring that emergency procurement procedures are established, understood and enforced; and increasing the professionalism of procurement personnel.¹¹⁸

In response to the COVID-19 pandemic, Transparency International chapters in Latin America have launched [an anti-corruption guide for emergency public procurement](#). Though targeted primarily at national authorities, the guide includes elements that could be adapted by donor agencies, such as real-time audits, the use of a single (preferably digital) platform, the publication of purchase and contracting information in an open data format, and the establishment of grievance mechanisms to help identify irregularities.¹¹⁹

Schultz and Søreide also recommend that donors include procurement as a focus in real-time audit evaluations to identify corruption risks. These exercises “involve a rapid, interactive peer review of humanitarian response on the agency or inter-agency level. The aim is to provide simultaneous recommendations that can be quickly implemented by currently-deployed staff”.¹²⁰

¹¹⁷ European Commission. 2011. Humanitarian aid guidelines for procurement.

¹¹⁸ Schultz, J. and Søreide, T. 2006. “[Corruption in emergency procurement](#),” U4 ISSUE 7:2006.

¹¹⁹ Transparency International. 2020. “[Public procurement during states of emergency: minimum requirements to ensure the integrity of contracts awarded during crises](#)”.

¹²⁰ J Schultz, J. and Søreide, T. 2006. “[Corruption in emergency procurement](#),” U4 ISSUE 7:2006.

Box 1. Measures for mitigating risks of corruption in emergency procurement

Preventive measures at the agency level	<ul style="list-style-type: none">• organise advance procurement of commonly-used supplies and services• assess and address risks in existing procedures• use standard products• create institutional memory through the use of technology• secure and up-skill internal procurement expertise• implement corruption-sensitive human resource policies for emergencies• (re)enforce professional integrity through administrative codes, complaints procedures and sanctions• invest in the administration of emergency response
Coordination	<ul style="list-style-type: none">• integrate corruption risk analysis into joint assessments of needed supplies and services• develop and use common templates for sharing information about suppliers• standardise the most important goods and services at the sectoral level• operate common procurement systems for bulk supplies
Beneficiary participation	<ul style="list-style-type: none">• facilitate beneficiary participation in the selection and monitoring of goods and services• consider providing vouchers or cash instead of goods and services
Monitoring and evaluation	<ul style="list-style-type: none">• include procurement as a focus in real-time evaluations• focus on outcome, not process, in procurement evaluation• ensure adequate budgeting and capacity for monitoring and evaluation• facilitate effective monitoring by media and NGOs• encourage the establishment of complaints bodies for suppliers
Sanctions	<ul style="list-style-type: none">• consider blacklisting firms that engage in corruption• consider favouring tenders from firms based in countries bound by anti-corruption conventions

Adapted from Jessica Schultz and Tina Sørreide, 2006. [Corruption in emergency procurement](#) U4 Issue 7:2006

Longer term measures

The final section of this paper considers steps that development agencies can take in the medium term to curb corruption. These include measures to follow up on their own programming to ensure ex-post accountability after the crisis for decisions taken and money spent in the weeks and months after the initial emergency response.

Communicating these longer term strategies widely can provide a disincentive for corrupt behaviour by conveying the sense that those with discretion over resources will have to account for their use later.

Consideration is also given to how donor agencies can strengthen their internal controls and integrity management systems “on the go” as their response to the COVID-19 crisis matures. This should be accompanied by efforts to enhance emergency preparedness and establish dedicated protocols to manage the rapid disbursement of resources needed in future humanitarian crises.

Finally, this section examines how donor agencies can go beyond reducing their own immediately fiduciary risk to support both state and non-state actors in aid-recipient countries to tackle background corruption in the broader operational context.

Ensuring ex-post accountability

Audit, oversight, reporting and monitoring mechanisms are key to ensuring reliable post-crisis accountability. In the longer term, comprehensive audits will be required of – at the very least – a representative sample of COVID-19 related donor

programming. This is particularly acute in the area of procurement, given that previous experience in low-capacity states during the Ebola crisis suggests that purchasing officers working with manual procurement systems were essentially “flying blind”, in the words of one DFID staff member.¹²¹

Audits

Whether carried out internally (by qualified, impartial staff), externally (by specialist independent contractors) or socially (by the community), audits help ensure that the organisation is complying with its own policies, procedures, standards and code of conduct, and are important means of promoting transparency and accountability.

While audits are often thought of as just financial checks, an audit is any systematic review to ensure that an organisation is fulfilling its mission and safeguarding its resources. In a well-audited programme, corruption is more likely to be exposed, allowing both rectification and the improvement of existing safeguards. The knowledge that all programmes will be audited serves as an important deterrent to corrupt behaviour.¹²²

As mentioned above, immediate steps donor agencies can take is to earmark funds in each programme for thorough ex-post audits and widely communicate this decision. As audits rely on a paper trail to track the movement of funds and the use of procured goods and services, donor agency country offices should appoint a records custodian and specify a clear records retention policy, if this is not already the case.¹²³ Ensuring accurate and

¹²¹ Open Contracting Partnership. 2020. “5 procurement strategies for navigating the COVID-19 crisis from around the world”.

¹²² Transparency International. 2014. “Preventing corruption in humanitarian operations”.

¹²³ Ibid.

thorough documentation of emergency procedures is key, as are clear lines of accountability for these decisions. It is important to note that community-led audits will require full access to project information to determine whether the resources expended have reached their intended beneficiaries.

In addition to conducting thorough audits of their own programmes, development agencies should encourage governments to make relevant information on how emergency relief funds have been made available to independent auditors, particularly in high-risk areas like health, public procurement, infrastructure and social security expenditures.¹²⁴

Monitoring and evaluation

Beyond narrow financial audits, broader monitoring and evaluation of donors' humanitarian programming should incorporate assessments of corruption. Development agencies can refer to existing benchmarks, such as the OECD's [Quality Standards for Development Evaluation](#).

Programme evaluations should gather reports of potential corruption in the programme's operations, views on the effectiveness of controls in the areas of human resources and finance, as well as perceptions of the agency's integrity among stakeholders.¹²⁵

Given that the restrictions on movement during lockdowns may make it difficult for evaluators to gain a comprehensive picture, engaging citizens and civil society groups can not only help increase

the legitimacy of donor interventions but also provide valuable information to verify programme outcomes. There are various mechanisms through which affected communities can be brought into monitoring activities to improve accountability.

These include stakeholder surveys, citizen or community scorecards, public hearings or, increasingly, ICT-based monitoring, allowing individuals to report problems or abuses and provide feedback on programmes remotely.

Attention should also be paid to the constitution of the evaluation team to ensure it is representative of a broad range of stakeholders and able to provide an objective assessment.¹²⁶ Evaluation teams should make a concerted effort to provide vulnerable groups, such as women and girls, with the possibility to provide feedback without fear of repercussions.¹²⁷

Information gleaned from audits and programme evaluations should be used as part of a feedback loop to strengthen development agencies' integrity management systems and minimise the risk of corruption in future responses to humanitarian crises.

Strengthening integrity management and internal controls

Development agencies should use information from their interventions as part of a process of iterative learning to evaluate and possibly revise existing anti-corruption practices. This can involve overhauling agency codes of conduct as well as improving human resource policies to check

¹²⁴ Transparency International. 2020. "IMF: Make COVID-19 funds transparent, accountable".

¹²⁵ Shipley, T. 2019. "Managing corruption challenges in humanitarian settings", Anti-Corruption Helpdesk.

¹²⁶ Transparency International. 2014. "Preventing corruption in humanitarian operations".

¹²⁷ Shipley, T. 2019. "Managing corruption challenges in humanitarian settings", Anti-Corruption Helpdesk.

nepotism and conflicts of interest.¹²⁸ Two notable areas that development agencies should seek to strengthen in the longer term relate to corruption risk assessments and surge capacity.

Risk assessment

In the immediate response to COVID-19, donors may not have time to conduct a satisfactory risk assessment at the project, sector or even country levels. As time progresses, however, corruption risk assessments could be incrementally phased into humanitarian programmes that are already up and running to identify vulnerabilities and if necessary adjust programme objectives and resource allocations. Where donors stagger their COVID-19 interventions in different countries or regions over time, lessons learned from the initial programmes can also be applied to the latter as far as context sensitivity permits.

There are a number of existing corruption risk assessment models and frameworks that development agencies can refer to. These include:

- Johnsen, J. 2015. [“The basics of corruption risk management. A framework for decision-making and integration into the project cycles”](#);
- Hart, E. 2016. [“Why is corruption risk management so hard? Assessing current practices in development aid”](#).
- Overseas Development Institute and Management Accounting for NGOs. 2006. [“Mapping the risks of corruption in humanitarian action”](#).;
- Relief Web. 2015. [“Evidence on corruption and humanitarian aid”](#).

¹²⁸ Recent examples of development agencies’ codes of conduct include: Agence Française de Développement. 2018. [AFD Group Anti-Corruption Code of Conduct](#).

- Transparency International, Feinstein International Center, Humanitarian Policy Group. 2008. [“Preventing corruption in humanitarian assistance.”](#)
- Transparency International. 2014. [“Preventing corruption in humanitarian operations”](#).
- Transparency International. 2016. [“Overview of corruption risk management approaches and key vulnerabilities in development assistance”](#).
- Transparency International. 2017. [“Collective resolution to enhance accountability and transparency in emergencies: Synthesis report”](#).

In addition, there are several risk management frameworks designed specifically for the health sector, such as:

- World Health Organisation. 2019. [Integrating a focus on anti-corruption, transparency and accountability in health systems assessments](#).
- UNDP. 2018. [Corruption risk assessment at sectoral level](#).

Surge capacity

Transparency International advocates that development agencies develop a strong “surge capacity” as part of emergency preparedness.¹²⁹ This has two chief components. First, building human resource capacity, so that “experienced senior staff (particularly in finance, procurement and human resources) are there to set up systems and procedures that curb corruption right at the beginning of a response”. Second, to establish the types of pre-approved supplier lists mentioned above, which allow “suppliers to be quickly contracted in an emergency, having previously

Gesellschaft für Internationale Zusammenarbeit. [Code of Conduct – Basic Principles](#).

¹²⁹ Transparency International. 2014. [“Preventing corruption in humanitarian operations”](#).

been appointed via a robust procurement process”.¹³⁰

These measures should be developed in line with relevant principles, such as the Humanitarian Accountability Partnership’s [Standard in Accountability and Quality Management](#).

Supporting wider anti-corruption and good governance reform

In addition to taking steps to reduce their own fiduciary risks, donors can support efforts by a range of state and non-state actors in low-income countries to strengthen transparency, accountability and participation in the crisis response.

Support to non-state actors

As governments around the world have scrambled to respond to COVID-19, the Organized Crime and Corruption Reporting Project has pointed to the proliferation of “laws restricting freedom of information and freedom of assembly”.¹³¹ At the same time, they note that the crisis may “provide kleptocrats increased opportunity to steal, as large amounts of international aid are awarded to fight COVID-19” and they raise concerns that the new laws will “further curtail the ability of media to function as watchdogs”.¹³²

Other reports from around the world suggest that there is currently a great variation in the nature of national policies introduced to restrict the right to information in the context of the COVID-19 crisis.¹³³ The Global Initiative against

Transnational and Organised Crime also points to the role that independent media and civil society can play in tackling disinformation spread by malicious actors seeking to exploit “new markets linked to the pandemic, such as the advertising of wildlife products and other cures”.¹³⁴

Where possible, donors should encourage partner governments to continue to provide access to information and preserve media freedoms and civic space. Upholding high quality freedom of information laws and ensuring their implementation, in the areas of anti-pandemic interventions at least, enables civil society organisations, media and concerned citizens to prevent and uncover the mismanagement of funds, fraud and corruption. Donors can also look to innovative civil society initiatives, such as the use of anti-corruption hotlines during a natural disaster in Bosnia-Herzegovina in 2014, which enabled citizens to report incidences of corruption.¹³⁵

As demonstrated during the HIV/AIDS epidemic, civil society engagement is particularly important in the health sector, both as implementing partners and due to their monitoring, accountability and information sharing function.¹³⁶ Indeed, evidence from previous epidemics demonstrates the key role that civil society and independent journalists can play. The National Democratic Institute observes that during the Ebola outbreak, for instance, local civil society groups were “critical in enhancing

¹³⁰ Ibid.

¹³¹ National Endowment for Democracy. 2020. ‘Forum Q&A: Drew Sullivan on how COVID-19 will impact transnational kleptocracy and independent media’.

¹³² Ibid.

¹³³ RTI Rating. 2020. [COVID-19 Tacker](#).

¹³⁴ Global Initiative Against Transnational Organised Crime. 2020. [“Crime and contagion”](#).

¹³⁵ U4 Anti-Corruption Resource Centre. 2020. [“Corruption in the time of COVID 19: A double threat for low-income countries”](#).

¹³⁶ De Waal, A. 2020. [“Can there be a democratic public health? From HIV/AIDS to COVID-19”](#), *African Arguments*.

transparency, building trust, and ultimately, stemming the tide of the virus' spread".¹³⁷

Community-based organisations were reportedly much better able to reach vulnerable and isolated populations in a manner sensitive to their needs, notably through the use of community radio stations that disseminated information about how to prevent the spread of the virus. Civil society groups, which often enjoy greater citizen trust than state institutions, were also able to act as a conduit to communicate the needs of communities to policymakers.¹³⁸

Many experts are therefore calling on donors to "invest heavily in local in civil society [to] reinforce the creation of new voices and new leadership in damaged communities" and improve the downwards accountability of responses to the COVID-19 crisis.¹³⁹ A recent thought piece went one stage further, urging donors providing crisis response funds to establish a "dedicated fund to ensure civil society and journalists are able to continue their important operations during this time".¹⁴⁰

Investing in state accountability and oversight actors

Finally, development agencies would be well-advised to ring-fence their existing institutional support to state anti-corruption bodies, such as anti-corruption agencies, law enforcement and prosecutors. While there will be pressure to redeploy these resources to short-term crisis management measures, governments with limited

political will to tackle corruption might take the opportunity to "inflict financial cuts that could affect the capacity of law enforcement to pursue investigations".¹⁴¹ In such circumstances, continued donor support – both vocal and financial – to these institutions becomes critical.

Likewise, given the risk that donor money intended to alleviate the crisis may end up in secrecy jurisdictions abroad, development agencies should continue to support oversight agencies, supervisory authorities and financial intelligence units. In addition, as essential medical supplies become increasingly sought-after, donors could also consider increasing their support to integrity incentives to border control and customs officials. This could reduce the risks of corruption while ensuring proper management and control of the movement of people and goods needed to respond to the emergency.¹⁴²

For longer term economic recovery measures, development agencies should back measures to establish dedicated oversight bodies for the management of stimulus funds and encourage the participation of all relevant stakeholders to monitor national policies.¹⁴³

Conclusion

Corruption has already and will continue to shape the trajectory of the COVID-19 crisis, as well as future humanitarian crises. Evidence from previous humanitarian emergencies implies that without tackling corruption the human and economic costs

¹³⁷ National Democratic Institute. 2020. "Learning from Ebola: Civil society and COVID-19."

¹³⁸ Ibid.

¹³⁹ Global Initiative Against Transnational Organised Crime. 2020. *COVID-19: Strengthen civil society in a time of unprecedented change and undermine criminal governance.*

¹⁴⁰ Steingrüber, S. 2020. "Measures to counter corruption in the coronavirus pandemic response", Global Anti-Corruption Blog.

¹⁴¹ Basel Institute on Governance. 2020. "Here today and gone tomorrow? Integrity and anti-corruption in the private sector post covid-19."

¹⁴² Global Initiative Against Transnational Organised Crime. 2020. "Crime and contagion".

¹⁴³ Steingrüber, S. 2020. "Measures to counter corruption in the coronavirus pandemic response", Global Anti-Corruption Blog.

will be both higher and more prolonged.¹⁴⁴ As such, anti-corruption must remain a priority for donors and appropriate safeguards should be embedded into development agencies' responses to COVID 19.

There are a number of measures all development agencies can immediately take to reduce their own exposure to corruption. These include communication and coordination strategies, “open by default” approaches to delivering aid, leveraging donor influence with partner governments, engaging civil society and striking a balance between due diligence and expediency in procedures like procurement.

In the final analysis, the current situation highlights the need for development practitioners to develop and refine their integrity management systems and surge capacity. Ultimately, well-designed internal controls and emergency protocols are not additional bureaucracy but measures that allow donors to “maintain control and effectiveness even when moving at high speed”.¹⁴⁵

¹⁴⁴ U4 Anti-Corruption Resource Centre. 2020. [“Corruption in the time of COVID 19: A double threat for low-income countries”](#).

¹⁴⁵ Transparency International. 2014. [“Preventing corruption in humanitarian operations”](#).

Annex: Summary of recommendations for development agencies

Messaging and communication

Internal

- Be unequivocal that corruption is not a tolerable cost of doing business during the response to COVID-19.
- Encourage open discussions about the risks of corruption in humanitarian environments as part of a commitment to minimise it as much as possible.
- Consider offering financial incentives to those who report misappropriation of donor funds.
- Establish formal and unambiguous lines of accountability for decision making.
- Designate dedicated anti-corruption focal points in embassies in high-risk countries.

External

- Leverage influence with aid-recipient governments to underscore that tackling corruption is central to ensuring effective crisis management.
- Stress to partner governments the importance of maintaining accountability systems during states of emergency and permitting the justice system to continue to investigate and prosecute corruption cases in an impartial manner.
- Emphasise the importance of civic space, freedom of expression and whistleblower protection in assisting timely and effective responses to the public health crisis.

- Encourage governments to appoint capable figures to head the national response to the COVID-19 crisis.
- Support efforts by national health ministries to establish transparently appointed COVID-19 oversight task forces that include representatives from the national audit office, experts from civil society and similar bodies. Encourage national governments to empower these bodies to monitor pandemic-related financial allocations.
- Back measures to establish dedicated oversight bodies for the management of stimulus funds.

Transparency

- Work as transparently as possible (“open by default”) to provide all relevant parties with the necessary information to plan, coordinate and evaluate the response to the pandemic.
- Register emergency response funds in dedicated information systems available to the public.
- Make use of existing tracking initiatives, such as IATI and platforms like the Inter-American Development Bank’s Mapa Inverciones. The IATI Secretariat has released detailed publishing guidance on COVID-19 related spending.
- Urge aid-recipient governments to utilise transparent budgetary tracking tools to monitor relevant public spending.
- In addition to financial data, publish activity plans and clearly link spending commitments to stated desired outcomes.
- Use clear, objective and transparent criteria to identify intended beneficiaries.
- Ensure that those eligible for assistance are made aware of the nature and level of support they are entitled to, and the

method by which this will be delivered. Online platforms, social media and community radio may be valuable channels to communicate this information.

- Use digital technologies where possible to increase programme effectiveness while reducing the need for physical contact that may heighten the risk of contagion.
- Encourage OECD governments to publish their epidemiological forecasting models and the data that underpins them in a machine-readable format and under an open licence.

Multi-stakeholder approaches

- Explore how to improve coordination with other donors, government bodies and NGOs active in the country.
- Be sure to share information related to any corruption schemes that donor agencies uncover in their own operations.
- Consider channelling funds jointly with other donors through established mechanisms, such as multi-donor trust funds and the Global Fund that could be adapted or repurposed to channel humanitarian assistance in the context of COVID-19.

Preventive measures

- Identify and reinforce existing systems that have robust anti-corruption procedures rather than devising new integrity management systems.
- Crowdsource accountability by engaging civil society organisations, journalists and state anti-corruption bodies as much as possible during the COVID-19 crisis.

Clear guidelines

- Develop written guidelines as soon as possible and disseminate to all staff so everyone is clear about procedural freedom and boundaries in the current emergency.
- Establish qualitative criteria and time limits for the initial crisis period during which special procedures can be used.

Due diligence

- Conduct risk-based due diligence where possible, prioritise partners presenting higher risks.
- If ex-ante due diligence is not possible due to urgency, be sure to complete due diligence processes after the first disbursement of funds.

Procurement

- Include experienced procurement staff in emergency response teams.
- Continue to maintain a separation of duties in finance teams and decision-making committees to prevent conflicts of interest that can result in corruption.
- Where procurement staff are granted some additional freedoms, such as the ability to solicit quotes orally and shorten application deadlines, set clear limits on the use of emergency non-competitive processes.
- Continue to issue contracts and document transactions, as well as document exceptions to standard procedures, even after contracts are signed.
- Include anti-corruption clauses in contracts.
- Where pre-approved lists of suppliers and partners are available, use these to procure goods and services from suppliers with established track records and mobilise

organisations with extensive experience in disaster response.

- Solicit as many offers as possible and involve at least two people in evaluating these offers.
- Collect as much high-quality data as possible on suppliers and prices during the tendering stage. This will be critical for pursuing disciplinary action against fraud and other irregularities later.
- Where they exist, remove the paywalls that donor-funded tender notices are locked behind.
- Publish all emergency contracts in full open data format, including names and beneficial ownership information of companies awarded contracts, as well as terms of payment, delivery and value.
- Encourage civil society to monitor procurement procedures.
- Publicise complaint and grievance mechanisms for applicants and protect whistleblowers to help identify red flags and irregularities.
- Set aside designated resources to conduct spot checks on the quality of goods and services.

Audits

- Set aside specific and substantial resources in each programme for ex-post evaluation

and audit, and widely communicate this decision to deter potentially corrupt behaviour.

- Where not already the case, appoint a records custodian and specify a clear records retention policy.

Support to non-state actors

- Invest heavily in local civil society to improve the downwards accountability of responses to the COVID-19 response.
- Consider establishing a dedicated fund to ensure civil society and journalists are able to continue their work.

Support to state actors

- Ring-fence support to programmes designed to improve governance and financial management of key systems, particularly in the health sector.
- Maintain existing institutional support to state anti-corruption bodies, such as anti-corruption agencies, law enforcement and prosecutors, even in the face pressure to redeploy these resources to short-term crisis management measures.
- Consider expanding support to oversight agencies, supervisory authorities and financial intelligence units as well as border control and customs officials.

DISCLAIMER

All views in this text are the author(s)' and may differ from the U4 partner agencies' policies.

PARTNER AGENCIES

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The U4 anti-corruption helpdesk is a free research service exclusively for staff from U4 partner agencies. This service is a collaboration between U4 and Transparency International (TI) in Berlin, Germany. Researchers at TI run the helpdesk.

The U4 Anti-Corruption Resource Centre shares research and evidence to help international development actors get sustainable results. The centre is part of Chr. Michelsen Institute (CMI) in Bergen, Norway – a research institute on global development and human rights.

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