

THEME

19TH IACC
**DESIGNING 2030: Truth, Trust
and Transparency**

iaccseries.org



19th IACC Session Report

Session Title: Promoting Islands of Integrity in the Context of COVID-19: Complementary Initiatives and Positive Stories to Inspire the Fight Against Corruption

Date & Time: 30 Nov 2020, 13:00 hrs GMT

Report prepared by: World Justice Project (WJP)

Session coordinated by: WJP

Moderated by: Mr Ted Piccone, Chief Engagement Officer, WJP

Experts / panellists: (i) Alexandra Wrage, President & Founder, TRACE; (ii) Laode Syarif, Executive Director, Kemitraan, Indonesia; (iii) Ho Wai Chi, Director, Independent Commission Against Corruption, Hong Kong; and (iv) Alejandra Rios Cazares, National Institute for Geography and Statistics, INEGI, Mexico

What was the primary aim of the session and which corruption risks looked to address?

The COVID-19 context has exacerbated and amplified issues around corruption in every part of the world. This workshop highlighted ways and means that individuals from government, civil society, and the private sector could work together to improve anti-corruption outcomes, with a focus on drawing out positive stories from the anti-

corruption landscape in their respective communities. Additionally, they discussed how collaboration and sharing best practices strengthened their work at different levels of society to respond to the new challenges of the COVID-19 crisis.

Summary of panelists' contributions & discussion points (please be as detailed as possible)

Each of the panelist's interventions focused on the logistical problems posed by the pandemic - the lockdowns, travel restrictions, surge in demand for medical products, suspension of classrooms, etc – which exacerbated the issue of accountable governance. National legislative bodies have not been able to play their normal role as watchdogs or auditors, investigators have been unable to get a firm understanding of on-the-ground activities; new supply chain actors coming to the fore but whose reputation and reliability are questioned; and probity campaigners hindered in their ability to spread their anti-corruption messaging.

Alexandra Wrage, President & Founder, TRACE

Wrage highlighted several problems and challenges faced by the private sector in light of the COVID-19 situation.

- 1) Wrage shared that her organisation had analyzed data on enforcement worldwide, which revealed that enforcement had lost its momentum about two years ago, showing that COVID was not entirely to blame for the situation. Nevertheless, [transnational enforcement was curving slightly downwards – a worrying trend, particularly as companies would only be paying attention if there were a credible threat of enforcement.](#)
- 2) Having consistent anti-bribery messaging during COVID-19 has been challenging for companies, particularly when many companies were in the midst of transitioning to remote workplaces, there was extraordinary economic chaos, and supply chains were disrupted. As a result, there was a limited amount of space and attention by senior management on such messaging of good governance, business ethics and transparency, particularly when these messages required regular, almost constant repeating.
- 3) There was also a general sense that when a company was in a crisis mode, deprioritising compliance could be justified. However, once one opened up the door to corruption practices, it would be very difficult to pull back and reverse the trend.
- 4) Wrage shared that a common challenge that her organisation has been hearing nowadays was the difficulty in conducting an investigation remotely due to the travel restrictions – investigators were not sitting across from interviewees, could not read their body language, and could not place documents in front of them. Conversely, interviewees also had concerns during these virtual investigations, not knowing about the privacy and confidentiality of these discussions.
- 5) The pharmaceutical industry, which was often the target of enforcement agencies because of their marketing models, is at a crossroads, as they are

under extreme pressure to produce at a rapid pace while trying to operate in the current challenging business environment. Moreover, Wrage said that the pharmaceutical industry always faced corruption risks at the research and development stage, at the trial stage (especially human trials and those conducted overseas), and at the licensing stage (which was exacerbated when there was immense pressure to move quickly in the face of intense public interest). Wrage also noted that in the near term, there would be extraordinary corruption risks in the pharmaceutical companies' distribution model, which goes to market through a large number of small-dollar deals via distributors and sales agents who are marketing directly to government officials leading to potential situations of the giving of bribes or gifts.

Laode Syarif, Executive Director, Kemitraan, Indonesia

Laode Syarif cited a number of challenges for Indonesia posed by the pandemic, for example, the passage of questionable national legislation and the lack of transparency in the budget utilisation of COVID-19 funds. After setting out the extensive scale of the pandemic in the country in terms of confirmed cases and number of fatalities, Syarif proceeded to highlight the Indonesian government's emergency legal response by the various authorities, namely, the Office of the President, the Corruption Eradication Commission and the National Procurement Agency. In his view, these actors had issued potentially compromising regulations and circular letters that, for instance, allowed government officials to receive donations or allowed the direct appointment of contracts for government projects. Syarif also pointed out several misgivings in the country's main COVID-19 legislation, noting that there were articles that did not require the approval of Parliament, while others protected government officials from being sued in civil and criminal proceedings and from being challenged in the Administrative Court.

Syarif noted that the government's COVID-19 budget amounted to about USD6 billion, which was being used for health, social safety nets, business incentives, small & medium enterprises, corporate subsidies, and government subsidies. However, Syarif clarified that the use of the allocated money was not backed by data; for instance, in the social safety net allocations, it was unclear how many poor Indonesians were being targeted as recipients for the handouts. As such, there was a low utilisation rate of the COVID-19 budget among all the targeted groups. Syarif shared that other early signs of corruption were the conflict of interest of the younger "millennial advisors" of the President, the misuse of the funds for political gain in local elections, and social aid embezzlement that was evident in all Indonesian provinces.

Ho Wai Chi, Director, Independent Commission against Corruption (ICAC), Hong Kong

Ho cited two problematic consequences of COVID-19 in the Special Administrative Region: the stress test it posed to Hong Kong's public administration system and a suspension of the ICAC's public education campaigns - such as the ICAC Ambassador

Programme and Voluntary Summer Helper Scheme that the ICAC depended on to spread its integrity messaging.

Ho felt that it was important to contextualise the current situation by first shedding light on the circumstances in Hong Kong before the pandemic outbreak. He noted that:

1. There was a firm belief that the Hong Kong procurement system and administrative procedures were very strong, and could operate efficiently and maintain their integrity in the face of whatever situation;
2. Hong Kong as a city does not have as much industrial production capacity such as the supply of medical products as it once did, and as such the territory greatly depended on global supply chains for medicines and food;
3. The arrival of the virus coincided with the Lunar New Year public holiday celebrations that made it a bit more difficult in encountering the problem;
4. Hong Kong underwent a turbulent 2019 with an explosion of riots and public protests that impacted public confidence in government responses.

Further, Ho shared that in the wake of the outbreak when the demand for masks, for instance, surged from a million to eight million, some suppliers were exploiting loopholes in the procurement system for their gain. Ho pointed to an alarming case faced by the government which was almost duped by a particular supplier who had infiltrated the procurement system with forged documents.

Alejandra Rios Cazares, National Institute for Geography and Statistics, INEGI, Mexico

Cazares noted that there were opportunities to improve the online delivery of public goods and services during the pandemic, particularly when face-to-face meetings and exchanges were difficult, as data has shown that such direct interaction tended to carry more corruption risks, especially in the areas of public security and justice. However, one challenge was in the issue of internet penetration, particularly in Third World countries. Another challenge in such countries was in the procurement process in the provision of services, medicine and medical supplies, particularly when governments were facing intense pressure in dealing efficiently and speedily with the problems posed by the pandemic. A third challenge was whether public/civil servants had the institutional capabilities to keep on working remotely from their physical offices – not only in the provision of services but also in their accountability and oversight roles.

Main outcomes of session (include the highlights and interesting questions from the audience)

It was evident from the panelists' contributions that logistical problems posed by the pandemic - the lockdowns, travel restrictions, surge in demand for medical products, suspension of classrooms, etc – have exacerbated the issue of accountable governance in many parts of the world. National legislative bodies have not been able

to play their normal role as watchdogs or auditors, investigators unable to get a firm understanding of on-the-ground activities; new supply chain actors coming to the fore but whose reputation and reliability are questioned; and public education campaigners unable to spread their messaging of probity.

In the face of such problems and challenges, the importance of digital technology instruments, for instance, in the availability of due diligence tools for businesses, and online videos and public messaging platforms was a way forward in dealing with the situation. High-level government interventions, coupled with public pressure and support from CSOs and whistle-blowers (in essence, the participation of all of society), also play a key role in keeping the spotlight on fighting corruption.

Among the questions posed by the audience, there was consideration of how organisations should support and protect journalists and whistle-blowers in the work that they do. Cazares felt that the open provision of trusted sources of information such as an independent statistical data agency was one way of protecting journalists. She also noted that public surveys indicated most corruption occurs in face-to-face interactions with government officials; with the turn toward e-government, opportunities for bribes were reduced. Ho shared that there should be legislation to ensure a robust system that protected the confidentiality of informants, as was the case in Hong Kong. Notably, he also said that societal values were key to protecting whistle-blowers – a society, where independent journalism was encouraged and freedom of expression was ensured.

Key recommendations and concrete follow-up actions

The importance of digital technology instruments, for instance, in the availability of due diligence tools for businesses, the adoption of e-government services, and online videos and public messaging platforms was often cited by the panelists as a way of tackling corruption during the pandemic. High-level government interventions, coupled with public pressure and support from CSOs and whistle-blowers, also play a key role in keeping the spotlight on corruption eradication.

Alexandra Wrage, President & Founder, TRACE

First, Wrage elaborated on a convenient, no-cost due diligence tool for businesses and a roadmap for countries - the TRACE Matrix, which measures bribery risks that a business organisation may encounter in different countries/places across four dimensions, namely Business Interactions with Government, Anti-bribery Deterrence and Enforcement, Government and Civil Service Transparency, and the Capacity for Civil Society Oversight. Second, she noted that there was more enthusiasm for whistle-blowers, with companies and various government enforcement agencies addressing the gatekeeper issue, with attention being paid to lawyers, accountants and others involved between transactions who are important facilitators in misconduct. Third, she highlighted that the in-coming Biden administration in the US was projecting a very strong anti-corruption messaging with calls being heard for the

strengthening of the Foreign Corrupt Practices Act and the convening of a “Summit for Democracy” with a theme on reducing corruption.

Laode Syarif, Executive Director, Kemitraan, Indonesia

Syarif spoke on a number of recent positive developments in Indonesia. First, there was an outburst of intense public pressure that led to the resignation of millennial advisors to the President over their conflict of interest in the utilisation of the COVID-19 funds. Second, there were calls by the Ministry of Finance for strengthening the coordination among Ministries, provincial/local governments, the anti-corruption commission, financial/audit bodies, and COVID-19 taskforce in tackling the pandemic. Third, CSO actors - namely, NGOs, journalists, universities, community organisations - were playing a key role in safeguarding the utilisation of the COVID-19 fund, for instance, in demanding greater government transparency and accountability. Projects by the Australia-Indonesia Partnership for Justice 2 and Syarif’s organisation, Kemitraan, were cited as examples of work being done in this regard.

Ho Wai Chi, Director, Independent Commission against Corruption (ICAC), Hong Kong

Having a robust public procurement system - supported by the relevant rules and regulations - that was open, fair, competitive and transparent was held up by Ho as an important measure by the Hong Kong government in dealing with the pandemic. Moreover, Ho pointed out that the transparency of the government in every major procurement, for instance, in the holding of press conferences, issuance of press releases and replying to public queries was also important. The ICAC also served an advisory role in guiding public servants during the procurement process; this was done via the conduct of webinars and talks, and the distribution of guides and case studies.

Ho also shared that while the probity student ambassadors could not conduct their public education face-to-face, they have been doing so via online surveys, short animation videos, social media posts, and interactive games via Zoom.

Alejandra Rios Cazares, National Institute for Geography and Statistics, INEGI, Mexico

Cazares emphasised the importance of data – in developing indicators and ways to measure, directly or indirectly, the prevalence of corruption. For instance, she spoke on the national surveys in Mexico that looked at the public perception of the provision of services, as they had specific questions on the issue of bribes, among others. She also stressed the importance of civil society involvement - not just as spectators - in coordinating corruption measures with government agencies and other oversight mechanisms. She further noted that, while there needed to be better government transparency, governments also needed to keep better records of their activities during the pandemic.

What can be done to create opportunities for scaling up the solutions discussed in the session? And by whom?

There should be greater international cooperation and the wider sharing of skills, knowledge and experience in tackling corruption risks posed by the pandemic between communities and countries. The UNODC, in its capacity as Secretariat for the UNCAC, could serve as a resource sharing and data transfer platform, among countries.

Key Insights for the future of the anti-corruption agenda (including Game Changing ideas/ suggestions/ actions from the session)

A complex, multi-faceted problem like corruption has no magical solution, as it takes a multi-stakeholder effort on many fronts to beat corruption; one could say that it required a whole-of-society effort from anti-corruption agencies, to civil society organisations, to the media, to academic institutions, to statistical data agencies, to other public and private sector actors to play an active role and remain vigilant in the fight against corruption.

Did you run any polls and/or other voting element in your session? If so, please include here the full results

No.

Rapporteur's name, title, affiliation, email and date submitted:

Gerard Vinluan, Asia Pacific Regional Director, WJP; gvinluan@worldjusticeproject.org
