



World Justice
Project

Corruption and the COVID-19 Pandemic



July 2020

The COVID-19 pandemic gives rise to very significant risks of corruption. Massive resources mobilized to respond to the health and economic crises create opportunities for corruption, while many corruption prevention and enforcement mechanisms are suspended due to the emergency. This corruption risk is a rule of law problem in itself. It also compromises the pandemic response, undermining much-needed trust in public institutions, squandering supplies and resources, and impeding their flow to those in need.

While the risk of corruption is high in the context of the pandemic, it is not inevitable. Lessons learned from past emergencies can inform smart strategies for preventing corruption. Anti-corruption laws, regulations, and best practices provide guidance for taking swift action without compromising integrity. Technology and principles of open and accountable governance can provide invaluable checks and hold corrupt actors to account. Over the longer term, a recovery that includes measures to curb corruption promises to be more equitable and sustainable.

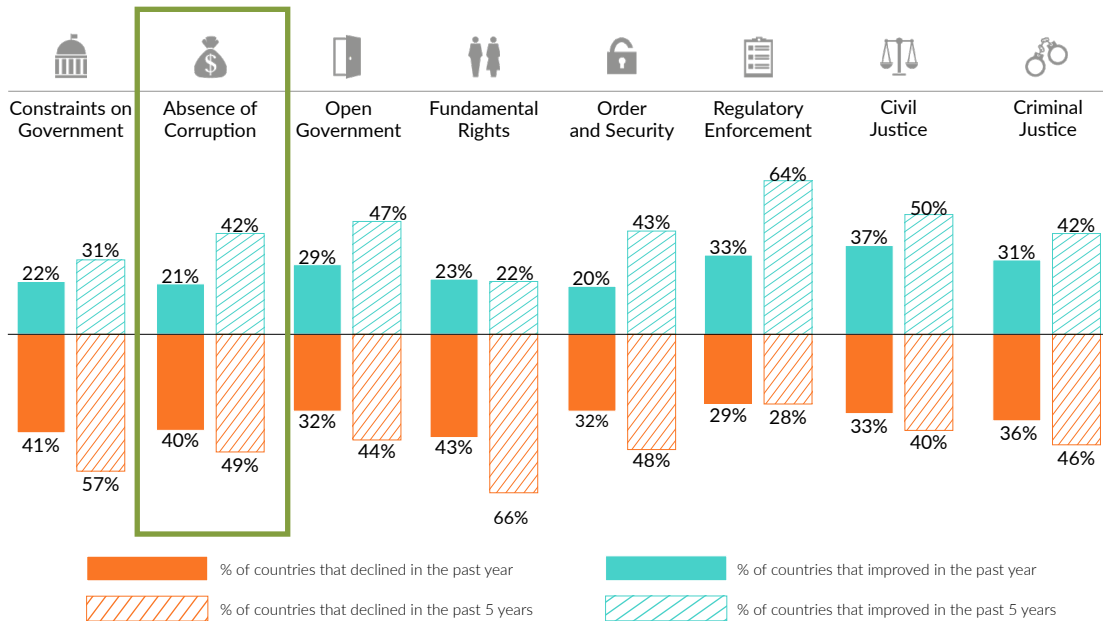
This policy brief outlines the principal corruption risks posed by the pandemic and highlights relevant norms, best practices, and resources to combat corruption in the pandemic response and recovery period.



The Corruption Context in Which the Pandemic Strikes

Despite more than two decades of increasingly robust global efforts to combat corruption, including through the UN Convention Against Corruption, the OECD Anti-bribery Convention, and myriad national and regional enforcement mechanisms, corruption remains a persistent rule of law problem in every region in the world. In the recently released 2020 *WJP Rule of Law Index*, 40% of the 128 countries studied saw their corruption score decline, as compared to just 21% that improved.¹

Figure 1. Factors of the Rule of Law Over Time

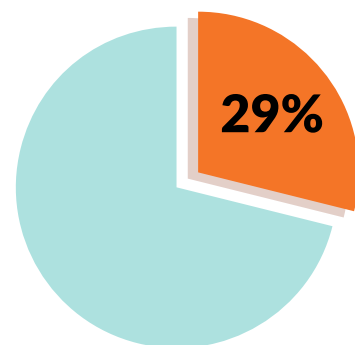


Source: World Justice Project Rule of Law Index 2020 Insights

Corruption can be a particularly acute problem in the public health sector, affecting both the quality and quantity of health care. In a 2019 study, Transparency International reported that “in many countries, deep structural problems drive frontline healthcare workers to absent themselves from work, solicit gifts and extort bribes from patients, steal medicines, and abuse their positions of power in a variety of other ways, usually without facing any consequences.”² The organization estimates that corruption in the sector costs \$500 billion per year and dramatically impacts the quality of care.³

Figure 2. Illegal Diversion of Public Funds

Public health professionals' average estimate of the amount of public health-care funds illegally diverted is 29%.



As part of its annual *WJP Rule of Law Index*, the World Justice Project surveys public health professionals in each country it studies, questioning them about the prevalence of bribery and other forms of corruption in the licensing of medical professionals and facilities, distribution of medical supplies, and provision of health services. In its 2019 survey, WJP asked public health professionals in 126 countries to estimate the percentage of public funds allocated toward health-care expenditures that is illegally diverted away from its intended target towards other ends.⁴ Respondents average estimate of funds illegally diverted is 29%.

1. World Justice Project, 2020 WJP Rule of Law Index Global Insights, p. 15 2020. <https://worldjusticeproject.org/sites/default/files/documents/WJP%20Insights%202020%20-%20Online%20.pdf>

2. Transparency International, “The Ignored Pandemic: How Corruption in Health Care Delivery Threatens Universal Health Coverage,” p.1 2019. <http://ti-health.org/wp-content/uploads/2019/03/IgnoredPandemic-WEB-v2.pdf>

3. Ibid.

4. World Justice Project, Data collected through qualified respondents questionnaire for 2020 WJP Rule of Law Index. The data reflect a significant difference between high income and other countries. Respondents from high income countries estimated on average just 13% of funds were diverted whereas those in the rest of the world put the figure at 33%.

From Bad to Worse: Corruption Risks During the Pandemic

Against this backdrop, the coronavirus presents a “perfect storm” for corruption.⁵ Massive resources are being rushed to address both the health crisis and its economic side effects, while procurement oversight and enforcement efforts are relaxed or diminished by the exigencies of the crisis and social distancing.

Past health emergencies and natural disasters have been plagued by corruption challenges. In the United States, the aftermath of Hurricanes Katrina, Rita, and Wilma saw numerous cases of corruption, with over 1,439 people charged by 2011 for crimes including: fraudulent charities, government and private-sector benefit fraud, identity theft, government contract and procurement fraud, and public corruption.⁶

In the case of the Ebola crisis in west Africa, corruption led to the diversion of funds and supplies and compromised containment measures as citizens bribed their way around restrictions on their movement.⁷

In the current crisis, recent media and watchdog reports from numerous countries highlight cases of price-gouging and lucrative contracts awarded without proper procurement processes to well-connected corporations. For example, in Colombia, the inspector general has reportedly launched fourteen coronavirus-related investigations, most into overpricing of emergency goods.⁸ In Italy, when it came to light that a public contract for 32 million face masks was awarded to an agricultural company that specializes in high-tech greenhouses, the responsible agency annulled the contract and initiated an investigation.⁹

As citizens, businesses, and governments scramble to source critical medical supplies, they face a risk of counterfeit or fraudulent transactions. A March 2020 Europol bulletin cautioned against criminal profiteering, fraud, cybercrime, and money laundering in the context of the crisis, citing a number of cases already under investigation.¹⁰

Funds aimed at addressing the economic crisis are also vulnerable to corruption. The U.S. Department of Labor Office of Inspector General has warned against the risk of fraud in distribution of unemployment insurance benefits as state agencies struggle to process claims from more than 30 million people.¹¹

5. Maira Martini, “COVID-19: A perfect storm for the corrupt?” Medium: Voices for Transparency, 22 April 2020 <https://voices.transparency.org/covid-19-perfect-storm-for-the-corrupt-c42eb9dfc234>

6. U.S. Department of Justice Disaster Fraud Task Force, “Report to the Attorney General for Fiscal Year 2011” 4 April 2013. <https://www.justice.gov/sites/default/files/criminal-disasters/legacy/2013/04/04/ReportDFTF2011.pdf>

7. Kendra Dupuy and Boris Divjak, “Ebola and Corruption: Overcoming Critical Governance Challenges in a Crisis Situation,” Anti-Corruption Resource Center, U4 Brief, March 2015. <https://www.cmi.no/publications/file/5522-ebola-and-corruption.pdf>
See also: <https://media.ifrc.org/ifrc/ifrc-statement-fraud-ebola-operations/>

8. Anthony Faiola and Anna Vanessa Herrero, “A pandemic of corruption: \$40 masks, questionable contracts, rice-stealing bureaucrats mar coronavirus response,” The Washington Post, 26 April 2020. https://www.washingtonpost.com/world/the_americas/coronavirus-corruption-colombia-argentina-romania-bangladesh/2020/04/26/c88a9a44-8007-11ea-84c2-0792d8591911_story.html

9. International Consortium of Investigative Journalists, “Investigating the Coronavirus: Who is cashing in?” 24 March 2020. <https://www.icij.org/blog/2020/03/investigating-the-coronavirus-who-is-cashing-in/>

10. Europol, “Pandemic Profiteering: How Criminals Exploit the COVID-19 Crisis,” 27 March 2020. <https://www.europol.europa.eu/publications-documents/pandemic-profiteering-how-criminals-exploit-covid-19-crisis>
See also UNCAC Civil Society Coalition, “The Impact of COVID-19 on Good Governance and Anti-Corruption Efforts in Latin America,” 12 May 2020. <https://uncaccoalition.org/the-impact-of-covid-19-on-good-governance-and-anti-corruption-efforts-in-latin-america/>

11. Office of Inspector General, U.S. Department of Labor, “CARES Act: Initial Areas of Concern Regarding Implementation of Unemployment Insurance Provisions,” REPORT NUMBER: 19-20-001-03-315, 21 April 2020. <https://www.oversight.gov/sites/default/files/oig-reports/19-20-001-03-315.pdf>



Not So Fast: Anti-Corruption Measures in an Emergency

The urgency of responding to the pandemic is cited by some as a reason to ease regulatory oversight and relax procurement rules designed to curb corruption. Ironically, as has been learned in past humanitarian crises, such shortcuts will backfire as corruption undermines efforts to respond to the emergency by wasting and diverting needed resources and supplies.¹²

Speed does not have to come at the expense of accountability, and adhering to a principle of openness is the surest way to hold actors accountable without sacrificing timeliness.

Experts argue that even in an emergency, anti-corruption approaches such as vetting suppliers, tracking financial flows, and publicizing complaint and whistleblower mechanisms can be deployed to ensure that public funds reach their intended beneficiaries. As the Chair of the OECD Working Group on Bribery in International Business Transactions, Drago Kos, opined in a recent webinar discussion, "Governments thought the time was not right to fight corruption. Of course, they are terribly wrong. There always has to be time to fight corruption."¹³

The health crisis has required swift action and even the suspension of certain requirements designed to guard against corruption. Yet as with other accommodations made under emergency circumstances, any derogations from best anti-corruption practice should be circumscribed in scope and duration, and, wherever possible, alternative solutions that reinforce integrity while promoting efficiency should be embraced. Speed does not have to come at the expense of accountability, and adhering to a principle of openness is the surest way to hold actors accountable without sacrificing timeliness.

In the immediate term, as societies work to contain the virus while sustaining their economies, consideration should be given to the following anti-corruption measures:

- ▶ **Public procurement mechanisms should be relaxed only when a clearly defined urgency test is met and documented, and only to the extent necessary.**¹⁴ In procurements pursuant to expedited procedures, contract length and amount should be limited to what is necessary to meet immediate needs. Over time, the emergency is less imminent and unforeseeable, and procurements can reasonably be expected to meet normal requirements.¹⁵
- ▶ **Regardless of how expedited the process, procurements should be auditable**, with considerations justifying the expedited process, supplier selection, pricing, and

12. Tammy Kupperman Thorp, "To Defeat the Coronavirus, Stop Corruption," *Foreign Affairs*, 6 April 2020.

<https://foreignpolicy.com/2020/04/06/defeat-coronavirus-stop-corruption-humanitarian-crisis-disaster-response-emergency-medical-supplies/>

13. OECD, "Anti-corruption and integrity: safeguards for a resilient COVID-19 response and recovery," Webinar, May 13, 2020 <https://youtu.be/gWz37UjVzY>

14. For example, the European Commission's COVID-19 guidance provides that "[c]ontracting authorities may award public contracts by a negotiated procedure without publication 'insofar as is strictly necessary where, for reasons of extreme urgency brought about by events unforeseeable by the contracting authority, the time limits for the open or restricted procedures or competitive procedures with negotiation cannot be complied with.'" European Commission, "Guidance from the European Commission on using the public procurement framework in the emergency situation related to the COVID-19 crisis," April 1, 2020 (OJ 2020/C 108 I/01) ([https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020XC0401\(05\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020XC0401(05)&from=EN)), quoting Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (OJ L 94 of 28.3.2014).

15. See e.g., U.K. Cabinet Office, Procurement Policy Note - Responding to COVID-19 Information Note PPN 01/20 March 2020 (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/873521/PPN_01-20_-_Responding_to_COVID19_v5_1_.pdf) ("Contracting authorities should keep a written justification that satisfies these tests. You should carry out a separate assessment of the tests before undertaking any subsequent or additional procurement to ensure that they are all still met, particularly to ensure that the events are still unforeseeable. For example, as time goes on, what might amount to unforeseeable now, may not do so in future. You should limit your requirements to only what is absolutely necessary both in terms of what you are procuring and the length of contract.")



contracting documented in writing for subsequent review. Public procurements should be subject to vetting of suppliers for competence and any potential conflict of interest.

- ▶ **All public contracts under emergency procedures should be promptly published openly.** In Ukraine, for example, recent anti-corruption reforms require that all emergency contracts be published, facilitating close scrutiny by the media and civil society for price-gouging and other signs of corruption.¹⁶ The Open Government Partnership and Open Contracting Partnership have published guides for procurement during the COVID-19 crisis and profiled model approaches for meeting emergency needs while safeguarding public integrity.¹⁷
- ▶ **Similar principles and approaches should apply to government distribution of emergency economic stimulus packages and support programs for business and households** suffering financial repercussions from the pandemic. The UN Office on Drugs and Crime has outlined guidance and best practices in this area, drawing on standards established in the UN Convention Against Corruption.¹⁸
- ▶ **Institutions designed to provide oversight and accountability of public actors should be protected and reinforced.** Audit agencies or inspectors general should be established or strengthened with specific pandemic response oversight responsibilities. Whistleblower protection should be reinforced, and complaint mechanisms widely publicized and adequately resourced.
- ▶ **The right to information should be honored to the extent practicable and supported through proactive government publication of information,** particularly as it relates to the pandemic.¹⁹
- ▶ **Finally, a free and independent media should be protected** in its role as a check on government fraud and abuse.

The international community should reinforce these best practices and support governments in capacity building necessary to ensure that COVID-19 relief reaches its intended beneficiaries.²⁰

16. Gavin Hayman, "Emergency procurement for COVID-19: Buying fast, open and smart," *Open Contracting Partnership*, 25 March 2020 <https://www.open-contracting.org/2020/03/25/emergency-procurement-for-covid-19-buying-fast-open-and-smart/>

17. See Open Government Partnership <https://www.opengovpartnership.org/documents/a-guide-to-open-government-and-the-coronavirus/>; Open Contracting Partnership COVID-19 <https://www.open-contracting.org/what-is-open-contracting/covid19/>

18. UN Office on Drugs & Crime, "Accountability and prevention of corruption in the allocation and distribution of emergency economic rescue packages in the context and aftermath of the COVID-19 pandemic," April 2020 https://www.unodc.org/documents/Advocacy-Section/COVID-19_and_Anti-Corruption-2.pdf

19. See Open Government Partnership, "A Guide to Open Government and the Coronavirus: Right to Information," 6 May 2020, <https://www.opengovpartnership.org/documents/a-guide-to-open-government-and-the-coronavirus-right-to-information/>

20. See e.g., Transparency International, "IMF: Make COVID-19 Funds Transparent, Accountable," April 8, 2020 (detailing joint statement by Transparency International, Human Rights Watch, and Global Witness) <https://www.transparency.org/en/press/imf-make-covid-19-funds-transparent-accountable>



Anti-Corruption Resources

[Guide to Open Government and the Coronavirus](#) – Open Government Partnership

[Emergency procurement for COVID-19: Buying fast, smart, and open](#)

– Open Contracting Partnership

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

– United Nations Office on Drugs and Crime (UNODC)

[Anti-corruption and integrity: safeguards for a resilient COVID-19 response and recovery](#)

– Organisation for Economic Co-operation and Development (OECD)

Building Back Better: Strengthening Integrity in the Recovery

Beyond these steps to curb corruption in the immediate pandemic response, the longer term recovery period should be characterized by a redoubling of efforts to implement global anti-corruption norms and to build strong integrity cultures within governments and societies as a whole.

The pandemic has highlighted a number of serious vulnerabilities, including those caused by corruption. In a global pandemic, corruption impedes life-saving resources from reaching people in need. Moreover, it undermines the trust in institutions that is so critical to an effective collective response to such a crisis. As we rebuild toward societies that can be more resilient in the face of the next global challenge, combating corruption—particularly in the health sector—should be a top priority.

The UN General Assembly Special Session (UNGASS) on Corruption 2021, currently scheduled for April 26-28, 2021, offers an important focal point for states to step up their anti-corruption efforts and embrace open government best practices. The UN Convention Against Corruption (UNCAC) Coalition, a consortium of more than 350 civil society organizations, has outlined an ambitious agenda for states to take up in the context of the UNGASS, including a number of critical actions aimed at prevention, enforcement, and strengthening the UNCAC review process.²¹

The longer term recovery period should be characterized by a redoubling of efforts to implement global anti-corruption norms and to build strong integrity cultures within governments and societies as a whole.

In a similar vein, the Open Government Partnership and Organization for Economic Cooperation and Development provide standards, best practices, and forums to support efforts by governments, civil society, and the private sector to emerge from the crisis with more open, participatory, accountable, and trusted institutions.²² There is ample information available on norms and good practices. The task now is to implement and enforce them.

21. UNCAC Coalition, "Contribution to the Consultation Process in Preparation of the UN General Assembly Special Session against Corruption 2021," March 3, 2020, <https://uncaccoalition.org/wp-content/uploads/UNCAC-Coalition-%E2%80%93-UNGASS-Consultation-%E2%80%93-Submission-1.pdf>

22. See OECD, "Public Integrity Handbook," May 20, 2020 (<http://doi.org/10.1787/ac8ed8e8-en>); OECD, "Public Integrity for an Effective COVID-19 Response and Recovery," April 19, 2020 (<http://www.oecd.org/coronavirus/policy-responses/public-integrity-for-an-effective-covid-19-response-and-recovery-a5c35d8c/>); Open Government Partnership, "A Guide to Open Government and the Coronavirus," April 28, 2020, <https://www.opengovpartnership.org/documents/a-guide-to-open-government-and-the-coronavirus/>