

LESSONS FROM EXISTING LITERATURE

In times of crisis and emergencies, fiscal expansion often takes place in the form of extra-budgetary fund (EBF) allocations or centralised budget responses. There are pros and cons of each of these. It is believed that centralised budget responses are better for a unified and comprehensive budget process that ensures coherence and enforces top-down fiscal discipline (IMF, 2020a). However, these are calculated allocations that take time and require administrative procedures. EBF allocations have their own downsides, primarily manifesting into the risk of corruption. It is argued that anti-corruption safeguards are largely absent from emergency frameworks. These limit both accountability and oversight regarding the use and measurable impact of crisis response and recovery (UNODC & CIPFA, 2020). Taking case of the Ebola outbreak in West Africa between 2014 and 2016, Oldfield (2020) highlighted that concentration of emergency resources in extra-budgetary mechanisms, with poor oversight; and disbursal mechanism made

accountability challenging. Existing literature highlights the importance of an oversight and accountability mechanism, including the role of government and non-government bodies.

FISCAL RESPONSE TO COVID-19

Information collected from the from the International Monetary Fund's (IMF's) Covid-19 response tracker reveals that several discretionary policy measures were enacted by the G20 countries to address the Covid-19 situation. A majority of the G20 countries included both budgetary and extra-budgetary allocations – most of these were targeted towards health care, vaccine rollout and support to vulnerable groups, including job programs. In some cases, the fiscal stimulus packages are as high as 20 per cent of the gross domestic product (GDP), which is much higher than the stimulus given during the global financial crisis in 2008, amounting to on an average, 4-5 per cent of the GDP of G7 countries. It is found that one of the largest packages in terms of the share in GDP among the G20 countries was announced by Japan. India announced one of the largest packages

in value terms – the *Atmanirbhar Bharat* Package – that include both, above the line and below the line measures. Overall, several measures were introduced by countries and the size of the stimulus package given by the G20 is quite significant. Infact, many countries continue to support their population. While some of these packages had an oversight mechanism or were linked with the central government budget, others lacked monitoring. This resulted in an increased risk of corruption.

EVIDENCE FROM G20'S SELF-ASSESSMENT

To assess corruption risks and good practices followed in these countries to address those risks, under the Saudi Arabian Presidency, the ACWG circulated a questionnaire to G20 members and select non-member countries (Jordan). Countries were asked to outline the top 3-5 corruption risks were identified arising in connection with the Covid-19 crisis. Table 1 presents top five risks identified by the G20 countries, in response to the question.

Both the existing literature and the responses made by the G20 countries

Table 1: Top 5 Corruption Risks Reported by Respondents during the Pandemic

Risks	Argentina	Australia	Brazil	Canada*	China	France	Germany	India	Indonesia	Italy	Japan	Jordan	Korea	Mexico	Russia	Saudi Arabia	South Africa	Spain	Switzerland	Tukey	UK	US	Frequency
Corruption and fraud risks in public procurement of medicines, medical supplies or any related goods or services.	No Response to Question	✓	✓		✓			✓	✓			✓		✓	✓		✓			✓	✓	✓	12
Misdirection or exploitation of government funds or other assets (e.g. PPE, ventilation equipment).	No Response to Question		✓		✓			✓	✓			✓		✓	✓		✓				✓		9
Provision of counterfeit medical supplies and / or medication.	No Response to Question	✓						✓							✓		✓	✓		✓			6
Use of relief supplies by criminal gangs and organizations to coerce, intimidate and/or co-opt local communities, undermine government support, and fund illegal activity.	No Response to Question																						
Increases in Covid-19 related cyber-criminal fraud.	No Response to Question	✓				✓						✓	✓	✓			✓	✓		✓	✓		9
Exploiting the disbursement of national economic relief/rescue/stimulus packages	No Response to Question	✓	✓			✓		✓	✓			✓				✓	✓						9

Note: Canada responded that all risks apply, but none were identified.

Source: Compiled from the Responses to the G20 Survey for the Good Practices Compendium on Combating Corruption in the Response to Covid-19 collected under the Saudi Arabian Presidency in 2020.

Table 2: Change in the Corruption Perception Score of G20 Members and non-Members in 2021

20 Members			Non-Members		
Country	Since 2012	Since 2020	Country	Since 2012	Since 2020
Australia	-12	-4	Singapore	-2	0
Canada	-10	-3	Switzerland	-2	-1
Germany	1	0	Hong Kong	-1	-1
United Kingdom	4	1	Iceland	-8	-1
Japan	-1	-1	United Arab Emirates	1	-2
United States	-6	0	Bahamas	-7	1
France	0	2	Qatar	-5	0
South Korea	6	1	Israel	-1	-1
Turkey	-11	-2	Costa Rica	4	1
Saudi Arabia	9	0	Oman	5	-2
South Africa	1	0	Malaysia	-1	-3
Brazil	-5	0	Senegal	7	-2
Italy	14	3	Trinidad and Tobago	2	1
China	6	3	Colombia	3	0
India	4	0	Panama	-2	1
Argentina	3	-4	Thailand	-2	-1
Mexico	-3	0	Philippines	-1	-1
Indonesia	6	1	Gabon	-4	1
Russia	1	-1	Libya	-4	0
Total Change	7	-4	Total Change	-18	-10

Source: Calculated from the data on Corruption Perception accessible at <https://www.transparency.org/en/> (accessed on 21 March 2022).

pointed out a high risk related to public procurement. This was followed by increase in Covid-19 related cyber-criminal fraud and exploiting the disbursement of national economic relief and stimulus packages. While the risks perceptions are based on self-assessment, some countries have been more hesitant in their responses, compared to the others.

As regards to corruption controls undertaken to address the impending risks, countries reported series of measures to address the risks related to corruption, especially related to procurement. In India, for instance, mechanisms such as e-governance is in place in Central Drug Standard Control Organization through 'SUGAM' Portal for various activities. The Government of India also announced dedicated hosting and shortened supply and bidding cycles for such items on its 'Government e-Marketplace' portal (GeM) – it reduced the bidding to ensure faster bidding and procurement of goods and can be emulated by countries where the bidding and procurement takes a longer time.

CHANGING CORRUPTION PERCEPTION FOR THE G20 COUNTRIES

Over time, there has been a change in the corruption perception for G20 countries, which indicates some progress. Ever since the establishment of ACWG, the WG meets every year, sets periodic action plan, and releases accountability/ monitoring reports from time-to-time. These reports are based on self-assessment of individual and collective progress made to implement and enforce the priorities set by the ACWG through the action plans. That way, to some extent, the G20 has established a mechanism to monitor progress and induce accountability amongst the G20 members.

Table 2 compares corruption perception scores of G20 members with non-members on the Transparency International's Corruption Perception Index (CPI).¹ Non-members are selected based on two criteria. One, their score on the Corruption Perception Index in 2012 and two, their per-capita gross domestic product (GDP) in the same

year.¹ Countries with similar CPI score and per capita GDP were selected. To assess the performance, collective change in scores in 2021 as compared to 2012 and 2020 is calculated for both G20 members and non-members. This is an indicative approach to see what the overall direction of change has been for countries that started at the same level with similar per capita GDP, but one group is G20, and the other is non-G20.

A positive change implies that the country has become cleaner, and the ranking has improved, while a negative change in score implies that the country has become more corrupt, and the perception has deteriorated. The total score is calculated to assess the overall direction of change for G20 members as a group and non-G20 members. The Table reflects that overall, the G20 members have performed better than non-members, when compared to their position on CPI in 2012. Compared to the scores in 2020, corruption perception has deteriorated for both G20 members and non-members in 2021, but non-

members are worst off as compared to G20 members.

ROLE OF THE G20

The G20 members have specifically stressed on two key roles for the G20 as a multilateral body to address corruption during the pandemic. One involves promoting and sharing best practices for addressing incidence of corruption and the other is building cooperation to adopt and enforce anti-corruption measures.

Evidence from the G20 reflects that during the pandemic, members reduced or addressed the risks related to corruption domestically through different mechanisms of risk management. Based on individual

experience shared by the G20 countries in response to the questionnaire circulated by the ACWG, it is found that the G20 members devised and adopted various methods for risk management and their experiences are useful for establishing best practices for management of risk in crisis.

An important role of the G20 has been in building cooperation against corruption, both through existing forums by enhancing their engagement and by fostering synergies between different agencies – government, international organisation, civil society, among others for carrying out efforts with a common objective.

CONCLUSION

The discussion in this paper specifically relates to the actions and approach of the G20 in addressing the corruption during the Covid-19 situation, but the larger message corresponds to the role of the G20 in tackling corruption during exigencies and in general. Overall, it is observed that the accountability and self-assessment reports mandated by the G20 are instrumental stimulating implementation of ACWG action plan and enhancing adoption of anti-corruption measures. Such assessments are also important for experience sharing and documentation of best practices.

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