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**Safeguarding against Corruption during  
the Pandemic:**  

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**Recent Evidence from the G20 Countries**

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## Abstract

When Covid-19 was declared as a pandemic, countries administered lockdowns and stimulus packages were announced to address the deteriorating situation. For implementing these packages, routine control measures were simplified and often relaxed. The G20 countries were quick to react by administering relief packages and at the same time, the G20 acknowledged that emergency measures, in the times of economic and social fragility, may result in corruption. This paper investigates the potential threats of corruption due to fiscal expansion during the pandemic and discusses recent evidence from G20 members on the mechanisms in place to address corruption. More generally, using available secondary data, the paper compares how the G20 members and non-members have performed on the corruption perception index over the years.

The paper found that to address the Covid-19-situation, most G20 countries announced a mix of budget and off-budget items as stimulus packages. Almost all G20 countries reported corruption risks, the most common being corruption and fraud risks in public procurement of medicines, medical supplies or any related goods or services. At the same time, the G20 undertook accountability assessment for its members and the G20 countries formulated mechanisms to address corruption risks, frequenting the use of technology and by enhancing the role of civil society. Both, in comparison to the last year, and over the last decade, the G20 countries have outperformed the non-member countries on corruption perception. Going forward, the papers argues that the G20, as a platform can affectively continue to address corruption risks by building cooperation and sharing best practices, especially in areas where some G20 members can lead by example.

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# Safeguarding against Corruption during the Pandemic: Recent Evidence from the G20 Countries<sup>1</sup>

Tanu M. Goyal<sup>2</sup>

## 1. Introduction

India is scheduled to take over the G20 Presidency in the year 2023.<sup>3</sup> As the G20 Presidency, it will also Chair the Anti-Corruption Working Group (ACWG),<sup>4</sup> which is one of the oldest Working Groups of the Sherpa Track. Over the years, the agenda of the Working Group has evolved to address pertinent issues. In fact, during the pandemic, G20 emerged as one of the forums that undertook an accountability assessment for member countries, thereby prompting the member countries to report corruption risks and the measures adopted to address the potential risks during the pandemic.

When the World Health Organization (WHO) declared Covid-19 as a pandemic, countries administered nation-wide lockdowns to contain the spread of the virus, ceasing all social and economic activities.<sup>5</sup> Additionally, relief packages were announced by international agencies, groups, and countries. As a component of the discretionary response to the pandemic, national governments enacted policies, economic stimulus, and relief packages to address the deteriorating situation.

The G20 members were quick to react with its call for cooperation. A set of policies and emergency measures were put together by the G20 leaders for protecting people and safeguarding the global economy in response to the Covid-19 situation. At the same time, the G20 also acknowledged that emergency measures, especially in the times of economic and social fragility, may result in corruption. The G20 countries recognised the need to address corruption by taking corrective actions, collectively.

This paper investigates the potential threats of corruption due to fiscal expansion during the pandemic and discusses the means to address incidences of corruption, as reported by the G20 members. The paper further compares how, more generally, the G20 members and non-members have performed on the corruption perception index over the years and finally

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<sup>3</sup> The official handover date is 1<sup>st</sup> December 2022.

<sup>4</sup> See <https://www.unodc.org/unodc/en/corruption/g20-anti-corruption-resources/by-thematic-area.html> (accessed on 21 March 2022).

<sup>5</sup> For details see <https://www.who.int/director-general/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19---11-march-2020> (accessed on 21 April 2021).

discusses how the G20 can provide a mechanism to address corruption through self-assessment and monitoring and enabling countries to share best practices and build cooperation.

The paper uses secondary information from three sources. One, the International Monetary Fund's (IMFs) tracker to identify the fiscal policy measures adopted by G20 countries to address the Covid-19 situation. Two, the Transparency International's Corruption Perception Index for a comparative ranking of G20 and non-member countries and three, the 'Good Practices Compendium on Combating Corruption in the Response to Covid-19' compiled by the G20 Anti-Corruption Working Group under the Saudi Presidency, with inputs from 22 countries. Additionally, interactions were held with experts from India and Saudi Arabia to get their views on the role of the G20 in addressing corruption, especially during the pandemic.

With this background, Section II of this paper discusses the lessons from the existing literature on corruption risks in the times of crisis. In Section III, the paper goes on to discuss fiscal policy measures adopted by the G20 countries in response to the Covid-19 situation, which led to fiscal expansion in the G20 countries. Section IV presents corruption risks, as reported by the G20 members and the mechanisms in place to address some of those risks. Section V compares the corruption perception scores of the G20 members and non-members and Section VI highlights the role of the G20 in addressing corruption-related risks and challenges. Finally, Section VII presents the broad conclusions.

## **2. Fiscal Expansion in the Times of Fragility: Lessons from the Existing Literature**

In times of crisis and emergencies, fiscal expansion often takes place in the form of extra-budgetary fund (EBF) allocations. These funds are defined as a set of accounts or government entities engaged in "*financial transactions, often with separate banking and institutional arrangements, that are not included in the annual state budget law*" (Allen and Radev, 2006). Simply speaking, EBFs are funding mechanisms that are established to address extraordinary situations, over and above the centralised annual budget allocations of a nation. Different legal instruments are used to establish EBFs – including presidential decrees, legislature or a new law or amendment to an existing law. Compared to this, when issues are prolonged, there is often a trade-off between centralised budget responses and EBF allocations. There are pros and cons to 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. Thus, general arguments for establishing EBFs include avoidance of delays, simplified procedures, and other shortcomings in existing budget systems such as their failure to address all the requirements of the beneficiaries of public spending (IMF, 2020a). As a result, when

emergencies call for quick actions, countries resort to EBF allocations. These measures have also been useful in supporting demand.<sup>6</sup>

EBF allocations have their 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). The reason is that EBFs are sometimes not subject to the same rigorous external audits and monitoring processes as budgetary allocations. It is therefore believed that the existence of EBFs with independent spending authority can dilute accountability and weaken fiscal control. The creation of EBFs can also fragment policymaking and implementation processes. Moreover, it can create ambiguities regarding the government's fiscal operations (IMF, 2020b). While discretionary responses are crucial for addressing the distress financially, poorly designed policies may pose risks related to public fund management (IMF, 2020a). There are other risks related to corruption. Often due to emergency scenarios tendering processes are not followed and therefore, bids are non-competitive in nature. This itself increases the risk of corruption and fraud. The bargaining power and monitoring in such scenarios are weak (Oldfield, 2020).

Taking the case of the response to the Ebola outbreak in West Africa between 2014 and 2016, Oldfield (2020) highlighted several drawbacks that increased corruption risk. The concentration of emergency resources in extra-budgetary mechanisms, which had poor oversight; and the disbursement of resources was mostly made by makeshift crisis response agencies made accountability challenging. OECD (2020) also argues that during the Ebola outbreak, routine controls are relaxed, and requirements are simplified. Moreover, procurement procedures were widely disregarded during the Ebola outbreak.

Existing literature highlights that one of the ways of addressing the risk of corruption is by carefully designing and managing fiscal packages. Some countries have put in place specific disclosures and oversight mechanisms to compensate for the relaxation of controls on crisis-related spending (IMF, 2020b). Other methods of controlling risks include enhancing collaboration between supreme audit authorities and anti-corruption authorities to better prevent and fight corruption. The role of these oversight bodies is unique as they have prior knowledge of the state institutions that deliver economic support and can identify areas where additional attention may be required. Through audits and investigations, oversight bodies highlight opportunities to strengthen systems and controls, particularly in high-risk areas that are vulnerable to corruption (UNODC, 2020).

Moreover, it is argued that during exigencies the role of the government must increase to ensure the flow of funds to those in need. If funds are borrowed from outside institutions and governments, often these come with statutory requirements and certain conditionalities. These include measures such as asking the countries to commit in their Letters of Intent to ensure that

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<sup>6</sup> For details see <https://economictimes.indiatimes.com/news/economy/policy/experts-suggest-fiscal-measures-to-boost-demand-amid-pandemic/articleshow/83016290.cms?from=mdr> (accessed on 5 April 2022).

emergency assistance is used for the very urgent purpose of resolving the current crisis and not diverted for other purposes (IMF, 2020).

Overall, existing literature points to three important elements related to fiscal expansion in times of emergencies. One, is the structure of fund allocation – that is whether these are budgetary or extra-budgetary. Two, the risks associated with each of these. Studies highlight that while extra-budgetary allocations are more flexible to address the emergency in time, they face a greater risk of embezzlement. Three, the importance of an oversight and accountability mechanism, such as an accountability mechanism including government and non-government bodies.

With this background, the next section discusses the fiscal response of the G20 members to the Covid-19 pandemic.

### **3. Fiscal Response to Covid-19: Stimulus Packages by the G20 Countries**

Several discretionary policy measures were enacted by the G20 countries to address the Covid-19 situation. Bruegel (2020) discussed the use of discretionary fiscal measures undertaken by a few developed countries including France, Germany, Italy, the UK, and the US, among others. In doing so, it identifies three types of discretionary fiscal measures adopted by most countries.

- a) immediate fiscal policy actions in the form of additional spending by the government directed towards providing medical resources, subsidising the vulnerable groups including small and medium enterprises, allowances, employment support and forgone revenues among others. These measures adversely affected government budgets,
- b) deferred payments including taxes and other social security contributions. While these affected the immediate revenue of the government, however, these contributions had to be paid back later and
- c) other liquidity provisions and guarantees including export guarantees, line of credit, etc.

It is worth mentioning that the magnitude of economic stimulus during the Covid-19 pandemic is unprecedented. The IMF tracks the contributions made by countries in response to the Covid-19 situation. Fiscal policy measures adopted by the G20 countries are compiled in Table A.1 in Appendix A1 of this paper. The table highlights that in some cases, the fiscal stimulus packages are as high as 20 per cent of the gross domestic product (GDP). Existing studies highlight that on average, certain programmes accounted for 10-20 per cent of the GDP in some countries, 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.<sup>7</sup>

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<sup>7</sup> Oldfield (2020)

As regards the structure of the fund allocation, 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. Many countries such as Turkey reduced their tax rates till a certain period and provided a line of credit for businesses to stay afloat. In Canada, spending and tax measures amounting to almost 18.5 per cent of the GDP were announced. Some packages were either truncated or stopped in 2020, while some were extended to subsequent years.

It is found that one of the largest packages in terms of the share in GDP among the G20 countries was announced by Japan – where in April 2020 the Emergency Economic Package Against Covid-19 of Yen117.1 trillion (20.9% of GDP) was adopted. In May 2020, the second FY2020 draft supplementary budget was announced with a package worth Yen117.1 trillion (20.9% of GDP) for health, business, household support, etc.<sup>8</sup>

India announced one of the largest packages in value terms – the *Atmanirbhar Bharat* Package – that includes both, above-the-line and below-the-line measures.<sup>9</sup> Above-the-line measures include government spending (~3.5% of GDP), foregone or deferred revenues (~0.3% of GDP) and expedited spending (~0.3% of GDP); and below-the-line measures designed to support businesses and shore up credit provision to several sectors (~5.1% of GDP). Schemes were launched to attract investments in certain sectors including the Production-Linked Incentive scheme for promoting domestic manufacturing of raw materials, higher fertilizer subsidy and support for urban housing construction. There were relaxations related to tax payments and interest-free loans were offered, among other packages. Customs duties and other taxes on vaccines, oxygen and oxygen-related equipment were also waived to boost their availability.

Overall, several measures were introduced by countries and the size of the stimulus package given by the G20 is quite significant. In fact, 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. Anticipating the same, the G20's Anti-corruption Working Group released the Good Practices Compendium on Combating Corruption in the Response to Covid-19 for a self-assessment of the G20 members. The next section summarises the responses of the G20 members as reported to the working group.

#### **4. Evidence from G20's Self-Assessment Report**

Evidently, diverse approaches have been adopted by countries to respond to the Covid-19 pandemic through fiscal stimulus packages. In the initial period, oversight was limited due to

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<sup>8</sup> See Table A.1 in Appendix A2.

<sup>9</sup> “Above-the-line” measures include those for which full cost is reflected in the fiscal deficit, government debt, and increased borrowing needs in the short term. These measures include additional spending (for example, health services and unemployment benefits); capital grants and targeted transfers (for example, wage subsidies or direct transfers); or tax measures (for example, tax cuts or other relief) provided through standard budget channels. “Below-the-line” measures are defined as generally involve the creation of assets, like equity injections, loans, asset purchase etc., which may have little or no upfront impact on the fiscal deficit all although they can later increase debt or reduce liquidity (IMF Fiscal Monitor April 2020).

the Covid-related restrictions. Regulations rarely included specific governing modalities for the fund, including how decisions on spending should be made and how the fund, government bodies, and the budget systems work together. Subsequently, certain mechanisms were put in place for enhancing accountability. These mechanisms included dedicated portals to publish information on the execution of Covid-19 spending. Many countries established third-party mechanisms or ad-hoc agencies such as specialised task force to prevent and investigate fraud and corruption in the implementation of Covid-19 emergency support (IMF, 2020).

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

During the survey, it was pointed out that the accountability reports and self-assessments certainly help in awakening the members to think about the need for implementation of the ACWG action plan and to increase anti-corruption measures, which are proving to be a stumbling block to sustainable development.

**Table 1: Corruption Risks Reported by Respondents to G20 Survey 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 | ✓         | ✓      |         | ✓     |        |         | ✓     | ✓         | No Response to Question | No Response to Question | ✓      |       | ✓      | ✓      |              | ✓            |       |             | ✓     | ✓  | ✓  | 12        |   |   |   |
| Corruption risks in other non-health related sectors (e.g. those with increased interaction with state owned or state controlled enterprises or key for recovery, food supply chains, transport, information and communication sectors). |                         |           |        |         |       | ✓      |         |       |           |                         |                         |        |       |        |        |              |              |       |             |       |    |    |           | ✓ |   | 2 |
| Bribery of healthcare workers or public officials in order to be prioritized for testing or for the provision of other healthcare services during the pandemic.  |                         |           |        |         |       |        |         |       | ✓         |                         |                         |        |       |        | ✓      |              |              | ✓     |             |       |    |    |           |   |   | 3 |
| Misdirection or exploitation of government funds or other assets (e.g. PPE, ventilation equipment).  |                         |           | ✓      |         |       | ✓      |         |       | ✓         |                         |                         | ✓      |       |        | ✓      | ✓            | ✓            |       | ✓           |       |    |    |           | ✓ |   | 9 |
| Fraudulent billing to the government or insurance companies for the provision of healthcare services.  |                         |           |        |         |       |        |         |       | ✓         |                         |                         |        |       |        |        |              |              |       | ✓           |       |    |    | ✓         |   | ✓ | 4 |
| Undue influence and conflicts of interest in healthcare provision and regulation (including drug development and market entry), policy-setting and evaluation.   |                         |           |        |         |       |        |         |       | ✓         |                         |                         | ✓      |       |        |        | ✓            |              | ✓     |             |       |    |    |           |   |   | 4 |
| Provision of counterfeit medical supplies and / or medication.   |                         | ✓         |        |         |       |        |         |       | ✓         |                         |                         |        |       |        |        |              |              | ✓     | ✓           | ✓     |    | ✓  |           |   |   | 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.   |                         |           |        |         |       |        |         |       |           |                         |                         |        |       |        |        |              |              |       | ✓           | ✓     |    |    |           |   |   | 0 |
| Increases in Covid-19 related cyber-criminal fraud.  |                         | ✓         |        |         |       |        | ✓       |       |           |                         |                         |        |       |        | ✓      | ✓            | ✓            |       |             | ✓     | ✓  |    |           | ✓ | ✓ | 9 |
| Impeded anti-corruption enforcement actions due to the Covid-19 crisis.  |                         |           |        |         |       |        |         |       |           |                         |                         |        |       |        |        | ✓            |              |       |             |       |    |    |           |   |   | 1 |
| Impeded provision of international cooperation (e.g. mutual legal assistance) due to the Covid-19 crisis.  |                         |           |        |         |       |        |         |       |           |                         |                         |        |       |        |        |              |              |       |             | ✓     |    |    |           |   |   | 1 |
| Exploiting the disbursement of national economic relief/rescue/stimulus packages   |                         | ✓         | ✓      |         |       |        | ✓       |       | ✓         |                         |                         | ✓      |       |        |        | ✓            |              | ✓     | ✓           | ✓     |    |    |           |   |   | 9 |
| Exploiting international financial aid related to Covid-19 or other types of support.  |                         |           |        |         |       |        |         | ✓     |           |                         |                         |        |       |        | ✓      |              |              |       | ✓           |       |    |    |           |   |   | 3 |
| Corruption risks in regular private and public sector activities as a result of increased working from home, where fewer anti-corruption checks and controls are in operation.   |                         | ✓         |        |         |       |        |         |       |           |                         |                         |        |       |        |        | ✓            |              |       |             |       |    |    | ✓         |   | ✓ | 4 |

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.

One of the most reported risks across comparator countries is corruption and fraud in public procurement of medicines, medical supplies or any related goods or services. This was followed by an 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.

India has listed the highest number of potential risks, ranging from potential risks related to frauds in public procurement of medicines, medical supplies to bribery of healthcare workers, misdirection or exploitation of government funds and counterfeit of medical supplies, among others. Some countries like Argentina, Italy and Japan did not provide detailed/structured responses to the questionnaire while Canada highlighted that while all risks apply, none were identified in the country.

The questionnaire further required countries to report the corruption controls undertaken to address the impending risks, focusing on the existing policies, emergency actions and monitoring mechanisms. Countries undertook a series of measures to address the risks related to corruption, especially related to procurement. It is worth mentioning that both the existing literature and the response made by the G20 countries point out a high risk related to public procurement. Countries were asked to report whether there are a) specific legislative / governance procedures in place to allow for timely public procurement in emergency situations and b) if there is a monitoring mechanism during emergencies. The responses are tabulated below.

**Table 2: Provisions related to Public Procurement in Comparator Countries**

| Country      | Legislation/<br>Procedure for Public<br>Procurement | Special Procurement<br>Provisions/ Guidance for<br>Emergency | Monitoring<br>Provisions for<br>Emergencies |
|--------------|---|--|---|
| Argentina    | Yes   | Yes  | No  |
| Australia    | Yes   | Yes  | No  |
| Brazil       | Yes   | Yes  | Yes   |
| Canada*      | Yes   | Yes  | Yes   |
| China        | Yes   | Yes  | Yes   |
| France       | Yes   | Yes  | No  |
| Germany      | Yes   | Yes  | Yes   |
| India        | Yes   | Yes  | Yes   |
| Indonesia    | Yes   | Yes  | Yes   |
| Italy        | Yes   | Yes  | Yes   |
| Japan        |   |  |   |
| Jordan       | Yes   | Yes  | Yes   |
| Korea        | Yes   | Yes  | Yes   |
| Mexico       | Yes   | Yes  | Yes   |
| Russia       | Yes   | Yes  | Yes   |
| Saudi Arabia | Yes   | Yes  | Yes   |
| South Africa | Yes   | Yes  | Underway                                    |
| Spain        | Yes   | Yes  | No  |
| Switzerland  | Yes   | Yes  | No  |
| Tukey        | Yes   | Yes  | Yes   |
| UK           | Yes   | Yes  | Yes   |
| US           | Yes   | Yes  | Yes   |

*Note: While Japan responded to the questionnaire, it did not follow the standard response format. As a result, the responses cannot be tabulated against the other respondents.*

*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.*

It is found that all respondents had legislation or set procedures for public procurement, both in general and for emergency situations. However, when it came to monitoring, while most countries had monitoring mechanisms in place, a few such as Argentina, Australia, France, Spain and Switzerland, did not report a monitoring mechanism during emergencies. The countries that did have a system included either internal or external oversight bodies or taskforce, auditing strategies or e-procurement systems that ensured that the processes are monitored.

Some countries used technology-based tools to address corruption risks. In India, for instance, mechanisms such as e-governance are in place in Central Drug Standard Control Organization through the ‘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 time to just three days to ensure faster bidding and procurement of goods and can be emulated by countries where the bidding and procurement takes a longer time.

To address corruption risks, many G20 countries fostered strong civil society engagement. For instance, as a member of the Open Government Partnership, in 2018, the Government of Canada established a Multi-stakeholder Forum (MSF) to ensure ongoing dialogue with the Canadian civil society on open government. Canada engaged the MSF more frequently and on a deeper level, holding six meetings between March and June, with a focus on Covid-19 and open data. In Mexico, to strengthen the transparency of Government actions, budget and resources, the establishment of the Covid-19 Working Subgroup was agreed upon within the Steering Committee of the Open Government Partnership in Mexico along with civil society to assist the Covid-19 pandemic in terms of public healthcare, as well as economic and social recovery. Similarly, the French Anti-Corruption Agency met regularly with non-governmental stakeholders, organized public consultations, and promoted multi-stakeholder cooperation.

In Germany also, the civil society and media were particularly active. They are closely monitoring the situation throughout the pandemic and regularly published reports and commentaries. Moreover, civil society and media could always ask for information using the Freedom of Information act or in referring to the relevant press law.

The role of media was highlighted even by India in response to the questionnaire. The government has engaged the media to fight the fake news and accordingly, to avoid profiteering to anyone by the way of spreading fake news. In fact, the Government of India also constituted a Covid-19 Fact Check Unit (FCU) in the Press Information Bureau (PIB). In Spain also, the press was very active in exposing and investigating corruption in the private sector and contracting bodies and intermediaries.

In Indonesia, reports on corruption could be sent to law enforcement agencies and Government Internal Auditors (APIP) by the public. Law enforcement agencies also open multiple channels that allowed public to report corruption-related acts, including call centres, online channels, and whistle-blower channels. The Italian civil society and the media - especially investigative journalists - have been very active during the period. Transparency International Italia launched a campaign for the publication of open and machine-readable data on the diffusion of the pandemic. On the whistleblowing front, *Autorita Nazionale Anticorruzione* (ANAC); an independent administrative authority on corruption issues, supported the advocacy of civil society calling for strengthening the protection of whistle blowers. The role of whistle blowers was also recognised and protected by Saudi Arabia. In addition to the committees established within the Ministry of Health, several channels for reporting corruption existed in Saudi Arabia, including Nazaha, as well as the Ministry of Commerce in the case of overpricing or commercial fraud.

In South Africa, alliances of social movements, trade unions, community organisations and NGOs monitored and protested against abuses during the pandemic. These groups are also pushed for accountability.

Thus, evidence from the G20 countries suggests that during the pandemic, due to the extraordinary circumstances and the size and nature of the fiscal stimulus, the monitoring and

accountability mechanisms included technology-based tools to administer support packages and the involvement of third-parties, civil societies, and ad-hoc bodies to provide oversight.

## **5. Corruption Perception across G20 Members and Non-Members**

The ACWG was established in 2010 at the Toronto Summit of the G20 and it is guided by the St. Petersburg Strategic Framework.<sup>10</sup> Since then, the WG meets every year, sets periodic action plans and releases accountability/ monitoring reports from time-to-time. These accountability/ monitoring 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 3 compares corruption perception scores of G20 members with non-members on the Transparency International's Corruption Perception Index (CPI).<sup>11</sup> 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.<sup>12</sup> Countries with similar CPI scores 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.

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<sup>10</sup> [https://www.unodc.org/documents/corruption/G20-Anti-Corruption-Resources/Principles/2013\\_St.\\_Petersburg\\_Strategic\\_Framework\\_for\\_G20\\_ACWG.pdf](https://www.unodc.org/documents/corruption/G20-Anti-Corruption-Resources/Principles/2013_St._Petersburg_Strategic_Framework_for_G20_ACWG.pdf) (accessed on 25 August 2022).

<sup>11</sup> The CPI released by Transparency International. The CPI scores 180 countries and territories by their perceived levels of public sector corruption, according to experts and businesspeople. A score of 100 is very clean and 0 is highly corrupt. For details see <https://www.transparency.org/en/> (accessed on 21 March 2022).

<sup>12</sup> The first ACWG monitoring report was released in 2011, however, comparable CPI index scores are available from 2012 only. For that reason, 2012 is selected as the reference year.

**Table 3: Change in the Corruption Perception Score of G20 Members and Non-Members in 2021**

| G20 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).

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. At an individual level, scores of large, developed countries that were ranked at the top in 2012, namely Australia and Canada have declined substantially. Compared to this, the ranks of emerging market economies including India, and Indonesia have improved. Thus, with its accountability and monitoring mechanism in place, the G20 has played some role in improving the corruption perception in G20 countries.

## 6. Role of the G20 in Addressing Corruption

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

## **6.1 Promoting and Sharing Best Practices on Managing Potential Risks**

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 experiences shared by the G20 countries in response to the questionnaire circulated by the ACWG, four areas of risk management emerged at the time of crisis. These include – risk acceptance, risk assessment, risk monitoring and risk communication/reporting.

### *6.1.1 Risk Acceptance*

The Australian experience suggests that one key step towards addressing corruption is to accept risks and fraud vulnerabilities when policies and programs are fast-tracked. Accepting the same and working towards addressing the situation can help in taking constructive steps in the right direction. Australia established the Covid-19 Counter Fraud Taskforce provided advice and guidance, supported intelligence sharing and build awareness to respond to the new risks posed by crises.

### *6.1.2 Risk Assessment:*

A system evaluation of potential risks follows. Most G20 countries put in place mechanisms for risk assessment. Brazil established the Crisis Committee for Supervision and Monitoring of the Impacts of Covid-19, comprising government agencies. A working group was created for risk management strategies. In Indonesia for instance, corruption risk assessments were conducted by the Corruption Eradication Commission, set up by the government involving relevant ministries. The assessments are conducted based on the money that the government allocate to handle Covid-19 and economic recovery. The United Kingdom has developed multiple guidance documents to prevent the threat of fraud and developed cross-sector governance to share insights, threats, and responses.

### *6.1.3 Risk Monitoring*

Monitoring is an important element of risk management. A collaborative approach to risk monitoring and reporting has been adopted by many countries and it forms an important component of their risk management practices. Brazil pointed out that monitoring the emergency purchases made by government agencies related to the coronavirus pandemic by using a “risk-based approach” can help in identifying potential problems with procurement contracts and implementing corruption prevention measures. Civil society and third-party engagement is an important tools for risk monitoring and reporting. In South Africa for instance, there is multi-agency collaboration through the Fusion Centres. As an interim arrangement during the state of disaster, the Fusion Centre was established as the national central coordination point and a key resource centre for dealing with all corruption-related cases. In Mexico, Internal Control Bodies (ICO) participate in Committees of Public Procurements, Leases and Services for monitoring risks. The UK also works with fusion centres and the private sector for risk monitoring. In May the UK’s National Crime Agency launched an initiative that brings together law enforcement agents and the government along

with the private sector. The initiative is led by the National Economic Crime Centre and co-sponsored by the private sector.

#### *6.1.4 Risk Reporting and Communication*

The role of technology has been repeatedly highlighted for risk reporting. In Mexico, risks are reported using the Comprehensive Citizen Complaints System (SIDECA). Saudi Arabia has a wide range of channels available for whistle blowers to report, including social media channels. In Turkey, the e-hearing system was introduced. With this system, the concerned parties will be able to attend their hearings in different cities via video conferencing via either computers or mobile platforms without having to travel. Canada also established a fraud tip line system for the reporting of corruption. China highlighted that online law enforcement cooperation platforms were established and utilized in the country for communication and exchanges among anti-corruption law enforcers. In India, separate fields were introduced under the Centralised Public Grievance Redress and Monitoring System (CPGRAMS) for Covid-19 related complaints and nodal officers were designated for handling the same.

Risk communication is equally important. Enabling the citizens to access the related public institutions easily and to inform is a very important factor in terms of the prevention of fraud and bribery. In Turkey, all developments within the framework of fight against Covid-19 are transmitted every day to the citizens by means of social media, television and newspaper by the Ministry of Health in person. In Brazil, also readily accessible information was published to promote civic engagement. In Mexico, to enhance transparency and accountability the Government broadcasted Covid-19 reports on open TV regularly.

Thus, each of 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 a crisis.

## **6.2 Building Cooperation**

There are various ways in which the G20 members can build cooperation, including strengthening their cooperation in existing forums by enhancing their engagement and by fostering synergies between different agencies – government, international organisations, and civil society, among others for carrying out efforts on common objectives.

The G20 experience during Covid-19 pandemic reflects that the G20 countries can work collectively to prevent corruption. For doing so, the G20 could establish subject-matter expert committees within the anti-corruption working group to share their practices and respective policies and techniques on mitigating corruption in procurement, disbursement of funds, and cyber-crime resulting in fraudulent misdirection of pandemic funds. This could assist G20 countries in detecting and preventing corruption and expedite mitigation efforts.

Capacity building initiatives are also imperative. For instance, the G20 ACWG can conduct a G20 side-event with speakers from international organisations, representatives of civil society and experts from G20 member countries to share good practices and lessons learned on

enhancing anti-corruption measures during the Covid-19 crisis. Again, the use of ICT is crucial to enforce anti-corruption controls during the pandemic as we find it highly beneficial. This will also enable informal contact between practitioners. Under the Saudi Presidency, for increasing informal cooperation, the Riyadh Initiative was launched under the umbrella of the United Nations Office on Drugs and Crime (UNODC) for enhancing international anti-corruption law enforcement cooperation.

The G20 should continue its engagement and strengthen partnerships with civil societies and non-government stakeholders. For instance, the Open Government Partnership – a group of government leaders and civil society advocates that seeks to foster accountable, responsive, and inclusive governance are important. For increasing adoption and promotion of compliance measures within the private sector and improving public procurement practices, the G20 should work closely with the engagement groups, namely the B20 and C20.

## **7. Conclusion**

The discussion in this paper largely 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.

Broadly, there are two categories of corruption addressed by the G20 – domestic corruption – which was a bigger risk during the Covid-19 situation and international corruption, which took a different form during the last few months. The paper found that these risks can be addressed under the aegis of the G20 by adopting a structured approach to learning best practices and by building cooperation. Multilateral dialogues are important to address global issues such as corruption.

As regards to best practices, there is a need to take lessons on risk acceptance, assessment, monitoring and reporting of corruption by the G20 countries. It is found that often countries are not forthcoming in accepting the incidences of corruption. Acceptance is the first step toward addressing corruption and the use of ICT technology as an enabler is imperative for risk management.

For building cooperation, G20 countries need to get together for addressing international corruption. The paper also highlights the role of civil societies and fusion groups including private sector representatives in addressing corruption, especially in times of crisis.

Overall, it is observed that the accountability and self-assessment reports mandated by the G20 are instrumental in stimulating the implementation of ACWG action plan and enhancing adoption of anti-corruption measures. However, self-assessment is a comparatively simpler process, as opposed to mutual assessment. The Framework Working Group has a mutual assessment process where countries make their assessment and comments, and observations are made by other countries. While comments and observation may not always be critical, yet a mutual assessment process may be more rigorous and useful, especially in addressing critical global issues, such as corruption.

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## Appendix

### Appendix A1

**Table A.1: Comparative Table: Fiscal Responses for G20 Countries – as of July 2021**

| Country          | Fiscal Responses   |
|------------------|--|
| <b>Argentina</b> | Announced measures (totalling about 6.0% of 2020 GDP, 4% in the budget and 2% off-budget towards health, support for vulnerable groups, etc.   |
| <b>Australia</b> | Fiscal stimulus worth AUD267billion (13¾% of GDP) has been put in place through FY2023-24. The stimulus includes the multiyear JobMaker program (AUD73 billion). The Commonwealth government has committed to spend an additional amount of AUD16.6 billion (0.8% of GDP) to secure access to Covid-19 vaccines, roll out a national Vaccination Program, etc. State and Territory governments also announced fiscal stimulus packages, together amounting to AUD49billion (2.5% of GDP).  |
| <b>Brazil</b>    | Fiscal measures in 2020 adding up to 12% of GDP announced. Emergency measures were included in a separate 2020 budget, not bound by the provisions of Brazil's Fiscal Responsibility Law and the constitutional golden rule. The fiscal measures included the expansion of health spending, temporary income support to vulnerable households, etc. Most measures have expired in end 2020, but the Emergency Aid program has been renewed for April-July 2021.  |
| <b>Canada</b>    | Spending and tax measures (18.5% of GDP, CAD407.7 billion) were announced.   |
| <b>China</b>     | An estimated RMB 4.9 trillion (4.7% of GDP) of discretionary fiscal measures on health sector, support to vulnerable groups, etc. have been announced.   |
| <b>France</b>    | The authorities introduced four amending budget laws during March-November 2020 increasing the fiscal envelope devoted to addressing the crisis to about Euro180 billion (around 8% of GDP). This adds to a package of public guarantees of Euro327 ½ billion (~15% of GDP). The 2021 budget included additional funding for emergency programs amid ongoing containment measures (~0.7% of GDP, with ~ 0.4% of GDP financed by unused appropriations from 2020). About Euro40 billion of the plan is expected to be covered by grants from the EU Recovery Fund.  |
| <b>Germany</b>   | The federal government adopted three supplementary budgets: Euro156 billion (4.7% of GDP) in March 2020, Euro130 billion (3.9% of GDP) in June 2020, and Euro60 billion (1.7% of GDP) in March 2021. Measures such as spending on healthcare, expanded access to short-term work subsidy to preserve jobs and workers' incomes, etc. were announced. Local governments announced own measures, amounting to Euro141 billion in direct support and roughly Euro70bn in state-level loan guarantees. Some of these measures have been extended to 2021.  |
| <b>India</b>     | India's central government fiscal support measures can be divided into two broad categories above-the-line measures which include government spending (~3.5% of GDP), foregone or deferred revenues (~0.3% of GDP) and expedited spending (~0.3% of GDP); and below-the-line measures designed to support businesses and shore up credit provision to several sectors (~5.1% of GDP). In the early stages of response, above-the-line expenditure measures focused primarily on social protection and healthcare. The measures announced in October-November 2020 include additional public investment and support schemes targeting certain sectors. The latter includes a Production Linked Incentive scheme, higher fertilizer subsidy and support for urban housing construction. Several measures to ease the tax compliance burden across a range of sectors have also been announced, including postponing some tax-filing and other compliance deadlines, and a reduction in the penalty interest rate for overdue tax filings. Similar measures to ease tax compliance burden during April-May 2021 were re-introduced in response to the recent surge in infections. The central government also extended a scheme for providing interest-free loans to states for capital expenditure to FY2021/22 (INR150 billion) and expedited |

|                     |  |
|---------------------|--|
|                     | release of Disaster Response Fund to state governments. Finally, customs duties and other taxes on vaccines, oxygen and oxygen-related equipment were waived to boost their availability.  |
| <b>Indonesia</b>    | In 2020, the government disbursed IDR 579.8 trillion (~3.8% of GDP) as part of a national economic recovery program (PEN) to support health care sector and other social assistance schemes to low-income households, etc. In 2021, the government has budgeted a total of IDR 699.4 trillion for PEN.   |
| <b>Italy</b>        | In March 2020, the government adopted a Euro 25 billion (1.6% of GDP) “ <i>Cura Italia</i> ” emergency package. It included funds for healthcare system, job and income support measures, measures to support business, credit supply, etc. In April 2020, the Liquidity Decree allowed for additional state guarantees of up to Euro 400 billion (25% of GDP). The guarantee envelope from this and earlier schemes is aimed to unlock more than Euro 750 billion (~50% of GDP) of liquidity for businesses and households (see below). In May 2020, the government adopted a further Euro 55 billion (3.5% of GDP) “Relaunch” package of fiscal measures for income support for families, healthcare system, businesses, etc. A further Euro 25 billion (1.6% of GDP) deficit deviation, in August 2020, the government adopted a new third support package. In October 2020, the government adopted a Euro 5.4 billion (0.3% of GDP) package that seeks to provide quick relief to the sectors affected including SMEs by the latest round of Covid containment actions. In March & April 2021, the government approved support packages for Euro 72bn for extending supports for business and workers affected by the pandemic and kickstarting the economy. |
| <b>Japan</b>        | In April 2020 the Emergency Economic Package Against Covid-19 of Yen117.1 trillion (20.9% of GDP) was adopted. In May 2020, second FY2020 draft supplementary budget was announced with package worth Yen117.1 trillion (20.9% of GDP) for health, business, household support, etc. In December 2020, the Comprehensive Economic Measures to Secure People’s Lives and Livelihoods toward Relief and Hope worth Yen73.6 trillion (13.1% of GDP) was adopted for structural changes in post-covid era. Japan is the largest contributor to IMF financial resources. Japan pledged USD100 million to the IMF’s Catastrophe Containment and Relief Trust. Japan also announced that it is aiming at doubling its contribution to the Poverty Reduction and Growth Trust (PRGT). In October, Japan announced a new contribution of USD10 million to the Covid-19 Crisis Development Initiative.   |
| <b>Mexico</b>       | The above-the-line fiscal measures in 2020 amounted to 0.7% of GDP and below-the-line measures amounted to around 1.2% of GDP. Besides higher health expenditure of 0.4% of GDP, Mexico’s fiscal response included frontloading payments of the old-age and disability pensions by 8 months; accelerating procurement processes and VAT refunds; lending to workers and liquidity support. The government granted loans with optional repayments and housing credit for government workers.  |
| <b>Russia</b>       | The total cost of the 2020 fiscal package is about 3.5% of GDP (4.5% if debt guarantees and capital injections are included). In 2021, the anti-crisis fiscal package is expected to be around 1.5% of GDP. The cost of social spending announced in April 2021 are ~0.3% of GDP over two years. Key measures include increased compensation for health workers, SMEs, employee benefits, support to children, etc.  |
| <b>Saudi Arabia</b> | A SAR70 billion (\$18.7 billion or 2.8% of GDP) private sector support package was announced in March 2020. The government has made budgetary reallocations (SAR 47 billion) to increase the resources available to the Ministry of Health. Government authorised the use of the unemployment insurance fund (SANED) to provide support for wage benefits, within certain limits, to private sector companies who retain their Saudi staff (SAR 9 billion, 0.4% of GDP) and eased restrictions on expatriate labour mobility. Ministry of Finance announced new fiscal measures to raise more non-oil revenues and rationalize spending. Saudi customs authority announced an increase of custom duties for a range of imported goods. Extensions of several measures were also announced.   |
| <b>South Africa</b> | The government assisted companies and workers facing distress through the Unemployment Insurance Fund (UIF) and special programs from the Industrial Development Corporation. Additional funds were made available for the health response to Covid-19, SMEs, and other vulnerable groups.   |

|                       |  |
|-----------------------|--|
| <b>South Korea</b>    | Four supplementary budgets were passed in 2020. First included a decline in revenue by KRW 0.8 trillion and additional KRW 10.9 trillion spending on disease prevention and treatment. The second included an increase in spending by KRW 8 trillion to fund an emergency relief payment program of KRW 14.3 trillion; third included KRW 35.1 trillion package with a revenue reduction (11.4 trillion) and additional KRW 23.7 trillion spending on financial support for companies. This was followed by Korean New Deal – this had broader context. Fourth included additional KRW 7.8 trillion spending. The 2021 budget was followed by supplementary budget KRW 14.9 trillion (0.8% of GDP) for relief measures.  |
| <b>Turkey</b>         | As of March, the estimated discretionary fiscal support package amounted to TL638 billion (12.7% of GDP). Of this, ~TL165 billion (3.3% of GDP) is ‘on-budget’ measures. VAT has been reduced on certain goods until May 2021. In late April 2021, Parliament approved a new omnibus law that included additional temporary measures to support employment in sectors hit hardest by the pandemic.   |
| <b>United Kingdom</b> | For FY2020-21, Covid-19 support measures were estimated at GBP 280 billion. It included funding for National Health Service of the NHS, measures to support businesses, strengthening social safety net. The government launched three separate loans schemes, deferred VAT payments, paid 80% of the earnings of self-employed workers, guarantee for trade credit insurance. Additionally, GBP1 billion package to support firms driving innovation and development through grants and loans. To support the international response, the government made available GBP150 million to the IMF’s Catastrophe Containment and Relief Trust and provided a new GBP2.2 billion loan to the IMF Poverty Reduction and Growth Trust (PRGT). Many other job-related packages were announced in September 2020 including Job Support Scheme that was extended further. For FY2021-22, the government allocated GBP55 billion for this purpose. Among other uses, funds are allocated to Covid testing, PPE and vaccines, a new 3-year Restart scheme to help the long term unemployed find work. In January 2021, a GBP4.6bn fresh financial support package was announced for struggling UK companies. In March 2021, an additional fiscal stimulus of GBP59bn (~2.6% of GDP). |
| <b>United States</b>  | Early in March 2020, Coronavirus Preparedness and Response Supplemental Appropriations Act was passed for allotment of USD8.5 billion in emergency fund for Covid preparedness. Later, in March 2020, the Coronavirus Aid, Relief and Economy Security Act (“CARES Act”) was passed with an estimated USD2.3 trillion (11% of GDP). The Act included one-time tax rebates to individuals; expanded unemployment benefits; provide a food safety net for the most vulnerable, small businesses, etc. In April 2020, a Paycheck Protection Program and Health Care Enhancement Act was passed with a support of US \$ 483 billion for small businesses. In August 2020, executive orders were issued to address the expiration of certain Coronavirus reliefs provided by previous legislations. In December 2020 a USD868bn (4.1% of GDP) the coronavirus relief and government funding bill was passed as part of the Consolidated Appropriations Act of 2021. In March 2021 the American Rescue Plan provided coronavirus relief with an estimated cost of USD1844bn (8.8% of GDP) for public health response and providing assistance to families, communities and businesses.   |

Source: Compiled by author from <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-Covid-19> (accessed on 30 December 2021)

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Established in August 1981, ICRIER is a policy-oriented, not-for-profit, economic policy think tank. ICRIER's main focus is to enhance the knowledge content of policy making by undertaking analytical research that is targeted at informing India's policy makers and also at improving the interface with the global economy.

ICRIER has two office locations in Delhi; in the institutional complex of India Habitat Centre and a new office at the Institutional Area, Sector 6, Pushp Vihar, New Delhi.

ICRIER's Board of Governors include leading academicians, policymakers, and representatives from the private sector. Mr. Pramod Bhasin is ICRIER's chairperson and Dr. Deepak Mishra is Director & Chief Executive.

### **ICRIER conducts thematic research in the following five thrust areas:**

1. Growth, Employment and Macroeconomics (GEM)
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4. Digital Economy, Start-ups and Innovation (DESI)
5. Climate Change, Urbanization and Sustainability (CCUS)

To effectively disseminate research findings, ICRIER organises workshops, seminars and conferences to bring together academicians, policymakers, representatives from industry and media to create a more informed understanding on issues of major policy interest. ICRIER routinely invites distinguished scholars and policymakers from around the world to deliver public lectures and give seminars on economic themes of interest to contemporary India.

