

# **Responses to the G20 Survey for the Good Practices Compendium on Combating Corruption in the Response to COVID-19**

## **Summary:**

*This document contains the verbatim country responses received to the survey for the Good Practices Compendium on Combating Corruption in the Response to COVID-19 circulated during the 2020 Saudi G20 Presidency.*

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# ARGENTINA

## Questionnaire for the members of the G20 ACWG

### A. Corruption Risks during the COVID-19 Pandemic

1. Has your government assessed domestic or transnational corruption risks arising during the COVID-19 pandemic, either through a formal risk assessment or other informal means? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents such as anti-corruption plans to mitigate corruption risks arising in connection with the COVID-19 crisis).

N/A

2. Has your government undertaken any previous corruption risk assessment which is relevant to activities being conducted, or risks present in the current pandemic situation or other emergency scenarios (e.g. an assessment of corruption risks in the healthcare sector which existed beforehand, assessment on emergency procurement processes, etc.)? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents).

N/A.

3. Please outline the top 3–5 corruption risks your country has identified (both short and longer term) arising in connection with the COVID-19 crisis. Where possible, please indicate whether these risks were present and/or high prior to the onset of the pandemic. When outlining risks, you may consider the following (non-exhaustive) list:

- Corruption and fraud risks in public procurement of medicines, medical supplies or any related goods or services (this may include price gouging, bribery, self-dealing, and any other risks occurring specifically as a result of public procurement rules allowing for expedited delivery of goods/services during the pandemic).
- 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).
- 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.
- Misdirection or exploitation of government funds or other assets (e.g. PPE, ventilation equipment).

- Fraudulent billing to the government or insurance companies for the provision of healthcare services.
- Undue influence and conflicts of interest in healthcare provision and regulation (including drug development and market entry), policy-setting and evaluation.
- Provision of counterfeit medical supplies and / or medication.
- 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.
- Increases in COVID-19 related cyber-criminal fraud.
- Impeded anti-corruption enforcement actions due to the COVID-19 crisis.
- Impeded provision of international cooperation (e.g. mutual legal assistance) due to the COVID-19 crisis.
- Exploiting the disbursement of national economic relief/rescue/stimulus packages, including:
  - Officials soliciting bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Officials being offered, promised or given bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Sexploitation (including sexual exploitation and sextortion) and abuse of vulnerable or marginalized communities in exchange for financial or in-kind support as part of economic/social support services.
  - Schemes such as creating false or non-existent beneficiaries to embezzle stimulus / relief funds.
- Exploiting international financial aid related to COVID-19 or other types of support.
- 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.

N/A

4. If possible, please provide examples of detected or suspected instances of domestic or transnational corruption or fraud, in line with the key risk areas mentioned in question 3. Please include a summary of the detected or suspected act, and how it was detected. Where such information is sensitive, please provide examples of the type of incident which has occurred.

N/A

5. Are any longer-term trends in corruption risks beginning to emerge as a result of COVID-19 in your country that will need a new or improved anti-corruption approach in the

future? Please elaborate on these trends, and the new or improved anti-corruption approach if possible.

The assessment of the effectiveness of anti-corruption measures during the coronavirus pandemic has not been evaluated as of yet. Such assessment on the detection and investigation of anti corruption offences, including the impact of the facilitated procedure of public procurement will be conducted *ex post* by the competent national authorities.

## B. Anti-Corruption Controls during the Pandemic

6. What are the anti-corruption controls, safeguards, and measures that your government has put in place to address corruption risks identified in section (A)? Please highlight any special measures or procedures that have been introduced during the pandemic (e.g. telephone hotlines to report corruption in the allocation and disbursement of crisis response funds, an interagency cooperation taskforce among anti-corruption authorities, cooperation across international borders, ex-post facto audits of crisis related spending, publishing the beneficial ownership information of companies awarded public contracts, etc.)?

N/A

7. Does your government have any specific legislative / governance procedures in place to allow for timely public procurement in emergency situations? If so, please describe these briefly below. If not, how is emergency public procurement during the Coronavirus pandemic taking place / how did it take place and what anti-corruption measures were adopted?

The following legislation includes the legal framework for the public procurement process of the entire National Public Administration on a regular basis.

- Law N° [25.188 on Public Ethics](#), and its modifications in [Law N° 26.857](#).
- [Decree 41/99 Code of Ethics in Public Function](#)
- [Decree 1023/01 on the Public Procurement Regime](#)
- [Decree 202/2017 on the Integrity of Public Procurements](#).

### Compr.AR and Contrat.AR Systems:

The Compr.AR system is a support tool in the management of public contracts, which allows the participation of buyers, suppliers and the community in general. Through the platform ([compra.gob.ar](#)), government entities must process and publish their contracting processes, and suppliers can present their offers in an agile, transparent and secure way.

This electronic purchasing tool is aimed at achieving an improvement and

standardization of multiple administrative processes, resulting in a homogenization of purchases and contracts throughout the National Public Administration. The objective is to achieve total accessibility and simplicity of these procedures, in a transparent, safe and efficient way.

The benefits of the new system include: transparency and dissemination of processes, updated information and reduction of administrative times; and free public access through the Internet. Finally, it allows the exploitation of the results of the different purchasing processes, their systematization and the adoption of decisions aimed at improving the use of public resources.

#### **Electronic Management System CONTRAT.AR:**

Through Decree 1169/18, the National Contracting Office became the governing body of the entire Public Works Contracting System and Public Works Concessions carried out by the Jurisdictions and Entities of the National Administration included in Decree No. 1023 / 01 and in subsection a) of article 8 of Law No. 24,156

The National Contracting Office and the Ministry of the Interior and Public Works are responsible for arbitrating the mechanisms for the progressive implementation of the Electronic Management System CONTRAT.AR for contracting and monitoring the execution of works financed totally or partially with Treasury funds. National that the provinces and municipalities execute.

Among the main modifications, this regulation incorporates new ineligibility guidelines for public works contracts; the obligation on the part of the jurisdictions and contracting entities to verify that the bidders are not included in the disabled lists of Multilateral Credit Organizations; and the obligation of bidders to have an integrity program.

In addition, it establishes the obligation for this body to publish and keep updated, through the National Public Data Portal, the information and relevant documentation on the procedures for selection and execution of Public Works contracts and Public Works concessions incorporated in the System of Electronic Management CONTRAT.AR, in open format, in a complete way and with the highest possible level of disaggregation.

#### **Current status:**

After declaring the official emergency for the public sector due to the pandemic through [Decree 260/2020](#), the National Contracting office published the regulatory provisions [48/2020](#) and [55/2020](#) to establish an specific and rigorous framework regarding direct purchases and/or contracting.

Furthermore, in May 2020, the Anticorruption Office published the [\*\*“RECOMMENDATIONS TO STRENGTHEN INTEGRITY AND TRANSPARENCY IN PUBLIC PROCUREMENTS HELD IN THE FRAMEWORK OF THE EMERGENCY BY COVID-19”\*\*](#) with the aim of suggesting concrete actions regarding the strengthening of integrity and transparency for their application by the contracting parties within the framework of the emergency procedures for COVID-19.

Said recommendations propose the appropriate conducts to be taken into account by all officials of the National Public Administration involved in purchasing and contracting processes regarding the following issues:

1. Limitation of the use of emergency procedures.
2. Recommended actions for the management of public procurements.
3. Application of the "Detection and management of conflicts of interest in administrative procedures" regime.
4. Other possible initiatives:
  - a) Implementation of an Integrity Commitment.
  - b) Request for adequate integrity programs by the bidding companies.
  - C) Extra mechanisms for detecting conflicts of interest in critical areas.
  - D) Specific complaint mechanisms for emergency contracting.
5. Active transparency: Recommendations regarding the publicity of information
  - a) Information to be published.
  - b) Guidelines for the advertising of information on contracts in process or carried out.

8. Do any mechanisms exist in your jurisdiction which are specifically-designed to monitor procurement activity during any public emergency, including the current COVID-19 pandemic? Please elaborate.

The Anti-Corruption Office regularly conducts studies, prepares diagnoses, intervenes in several procurement procedures, and proposes general policies to improve transparency in public procurement and contracting processes.

In this jurisdiction, no specific mechanism was developed for any public emergency, since the functions of this governmental body can be carried out with the same efficiency as in a normal context.

9. How effective do you believe the domestic anti-corruption controls referenced in questions 6-8 in this section have been, and what have been the main challenges?

The assessment of the effectiveness of the adopted measures will be conducted by the national competent authorities in 2021.

10. If possible, please provide an overview of how non-governmental stakeholders (e.g. civil society and the media) have supported oversight efforts to detect fraud and corruption during your country's response to the pandemic. Are there any specific policies and practices your country has in place to facilitate these efforts?

N/A.

11. Considering your responses to questions 6-10 of this section, which of such measures and processes would you consider good practices to be shared with the G20 ACWG?

Considering the fact that the assessment and analysis of the measures adopted in 2020 will be conducted in 2021, the requested information cannot be provided.

12. In your opinion, how can the G20 countries work collectively to address corruption risks arising in connection with the COVID-19 crisis, both with respect to national efforts and international collaboration?

The G20 countries could strengthen their cooperation in existing forums, fostering synergies between states, international organizations and their corresponding working groups, in order to avoid an overlap in their reporting efforts, especially in the context of the pandemic.

13. In your opinion, are there any new ways of working in the anti-corruption space which may be necessitated by the impact of COVID-19, in response to short or longer-term trends (e.g., conducting remote court hearings on corruption cases)? Please elaborate.

The COVID-19 pandemic has shown the importance of having strong anti corruption controls and preventive safeguards, and that future measures should take into consideration their enforcement through digital and/or remote instruments.

14. If possible, please outline measures which could be taken in your country to prepare for and safeguard against risks during future crises in terms of the anti-corruption response.

The requested information cannot be provided, as a prior comprehensive analysis of the adopted measures should be carried out.

15. If possible, from your own perspective, are there any areas of overlap between the ACWG priorities in 2020 and the response to the COVID-19 crisis, or other future crises which you would like to highlight? For example, has ICT been used to enforce anti-corruption controls during the pandemic? Would you consider including mechanisms for emergency responses in your national anti-corruption strategy, if your country has one? Please elaborate.

We believe that all subjects defined as “priorities” by the ACWG in 2020, especially after reconsidering the deliverables expected for this Presidency, are relevant for the prevention of corruption in the context of a global pandemic crisis.

# AUSTRALIA

## Questionnaire for the members of the G20 ACWG

### A. Corruption Risks during the COVID-19 Pandemic

1. Has your government assessed domestic or transnational corruption risks arising during the COVID-19 pandemic, either through a formal risk assessment or other informal means? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents such as anti-corruption plans to mitigate corruption risks arising in connection with the COVID-19 crisis).

Australia notes that the COVID-19 pandemic is ongoing. Due to the evolving nature of the pandemic, Australia recognises that the corruption risks associated with the pandemic may still be emerging, and may evolve as the crisis does. The responses Australia has provided to the survey reflect our understanding of the corruption risks connected to the pandemic at this point in time.

#### **Commonwealth of Australia COVID-19 Counter Fraud Taskforce**

During 2020, the Australian Government rapidly designed and implemented a number of stimulus and support measures to protect Australians and the economy during the COVID-19 crisis. The delivery of COVID-19 economic stimulus comes with an inherently high risk of fraud and corruption.

To meet this challenge and mitigate these risks, the Australian Government established the Commonwealth COVID-19 Counter Fraud Taskforce (the Taskforce), which ran from March-June 2020. The Taskforce supported agencies who were rapidly designing and implementing the Government's pandemic response measures to prevent, detect and disrupt fraud against these measures.

The Taskforce assessed fraud risks by comprehensively mapping the COVID-19 stimulus measures and conducting a high-level risk assessment. The Taskforce initially created and distributed a detailed COVID-19 fraud risk assessment template, but due to the time sensitive nature of the stimulus measures, most entities found the process too cumbersome. Learning from this process and adapting to the COVID-19 environment, the Taskforce developed a new process for quick and high level risk assessments during emergencies. The Taskforce considered aspects such as whether the measure was being rolled out by an entity with limited experience in that type of program (e.g. a policy agency delivering a new grants program), if existing systems were being used for new purposes (e.g. using existing systems and data platforms reduces the risk as compared to an entirely new system build) and the breadth of the eligibility criteria.

The Taskforce identified five key risks to program integrity during the COVID-19 pandemic:

- policy is being developed and implemented within compressed timeframes

- up-front controls are being relaxed to aid the speed of delivery of COVID-19 measures
- less information may be available to support oversight and decision-making
- less capacity and resources may be available for compliance and recovery of fraud losses, and
- more opportunity for staff to behave dishonestly due to work from home arrangements, rapid onboarding of new staff and changes in supervisory arrangements.

These risks were communicated across the highest levels of government, and the Taskforce used these key risks to design and prioritise its activities.

### **Health**

In Australia the Department of Health is the lead agency in the Government's health response to the pandemic.

It is responsible for the National Medical Stockpile which includes the procurement and distribution of Personal Protective Equipment (PPE). The risks within the PPE processes were extreme due to the rapid evolution of COVID-19. The Department of Health identified that there was a potential for lack of due diligence in procurement and distribution processes. The department has been a participant in the Public Sector Fraud Forum PPE working group and adopted best practice when procuring and distributing PPE. For example, procurement activities such as quality control and background checks have ensured the department protects the community from sub-standard unapproved products. The National Incident Room, which coordinates national responses to health emergencies, was responsible for the distribution of PPE and implemented strict protocols and prioritization models to ensure delivery to high needs and high risk community sectors.

The Department of Health is also responsible for high risk communities such as aged care. The department released various stimulus packages for high risk vulnerable communities, which were exposed to a heightened risk of fraud and corruption. The department undertook assurance work internally to determine the risk pressure points, and also participated in fraud risk mapping with the Attorney-General's Department Commonwealth Fraud Prevention Centre. The findings of the work conducted are not yet complete as the work is ongoing due to the nature of the pandemic.

### **Law enforcement and criminal intelligence**

The Australian Federal Police note that as part of the Australian Government's response to COVID-19, corruption risks were assessed. This included processes to identify any additional risks arising in the context of COVID-19 that were not already identified through business-as-usual assessments. Increased corruption risks identified include insider threats, inappropriate access to or use of privileged information (whether for commission of further fraud offending or as standalone behaviour), and other compromises to information security. Following identification,

known risk controls have been implemented or strengthened to mitigate any additional risks identified during the pandemic response.

The Australian Criminal Intelligence Commission (ACIC) corruption risk assessment of the COVID-19 pandemic response includes that:

- the pandemic response offers unique opportunities for corruption
- the corruption risk will be different during the immediate crisis, planning, and recovery phases
- serious and organised criminals could seek to access official information for insider trading or seek to influence officials involved in pandemic response-related government contracts
- some individual officers will use their decision-making powers to commit payment fraud: this could involve fraudulently applying for entitlements for their own benefit or approving claims for businesses and individuals not eligible for payments
- some departments, agencies, and business areas will face an increased risk of corruption; key areas include those involved in planning, coordinating, and communicating responses
- corruption risks could be reduced through enhanced security personnel, operational, and information security practices. This includes increased monitoring of officials with access to information relating to the pandemic and the pandemic response
- corruption attempts will likely increase as criminals seek to maintain access to illicit commodities
- some trusted private sector workers will also face personal financial pressures from the pandemic, and
- increased levels of public sector staff working from home may weaken existing corruption controls which could present greater opportunities for organised crime groups to gain access to key information.

### **Fiscal support**

The JobKeeper Payment is among the largest one-off fiscal measures in Australia's history, which as at 23 June 2020 was delivering payments to over 920,000 organisations and around 3.5 million individuals over the April-May period. As with any program of this scale, there is potential opportunity for fraud and corruption to occur. The relevant Australian Government agencies undertook analysis of the fraud and corruption risks to the JobKeeper Payment as part of their Strategic and Shared Risk Approach and have identified controls, safeguards and measures in place to address these risks, which have been elaborated on in Part B of this survey.

2. Has your government undertaken any previous corruption risk assessment which is relevant to activities being conducted, or risks present in the current pandemic situation or other emergency scenarios (e.g. an assessment of corruption risks in the healthcare

sector which existed beforehand, assessment on emergency procurement processes, etc.)? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents).

### Australian COVID-19 Counter Fraud Taskforce

It is known that rapidly designing and implementing new policies can increase risks markedly. It limits the time that is available for planning processes that are clearly defined, systematically recorded and implementing controls. The Australian National Audit Office (ANAO) recently published an [insights product that used historical examples](#) of rapid implementation of Australian Government Initiatives.

Additionally, in response to the Australian Black Summer bushfires in 2019/20, the Commonwealth Fraud Prevention Centre had created a guide that included the [principles of fraud control in emergency management](#) in partnership with the Public Sector Fraud Forum. These principles transferred well to the COVID-19 response, and have been very useful for assisting agencies with their management of risks. The five principles are:

1. accept that there is an inherent risk of fraud and it is likely to happen
2. integrate fraud control personnel into the policy and process design to build the awareness of fraud risks
3. work together with fraud control personnel to implement low friction countermeasures to prevent fraud where possible
4. carry out targeted post-event assurance to check for instances of fraud, and
5. be mindful of the shift into longer term service (from emergency payments) and revisit the control framework at this point especially where large sums are invested.

### Health

The Department of Health recently commenced fraud and corruption control workshops with each division in its organisation. These workshops were ongoing during the start of the pandemic which allowed for discussions regarding fraud and corruption controls specific to COVID-19 with all Health divisions.

The workshops provided an opportunity to identify high-extreme risk program areas which then allowed for the development of specific controls being implemented to reduce the risks identified for the divisions.

As part of the Department of Health, the Therapeutic Goods Administration (TGA) has well-established regulations, supported by significant fines, to discourage misleading or illegal claims about the efficacy of medicines and medical devices. All products making therapeutic claims still require appropriate TGA approval to be included on the Australian Register of Therapeutic Goods for legal marketing in Australia, and the TGA increased its regulatory oversight and resources with the announcement of the pandemic.

## **Law enforcement and criminal intelligence**

Law enforcement and intelligence agencies consistently contribute to the consideration of existing and evolving corruption risks in various operating environments, including emergencies and crises, as well as business-as-usual environs. Corruption risks are identified through the generation of intelligence and subsequent investigations, and are examined and shared amongst partner agencies domestically and internationally. Information shared can include new insights into methodologies, transnational and serious organised crime targets. It can also include information sharing on vulnerabilities identified, which can be remedied through domestic and international approaches to prevention, detection, disruption and investigation activities.

## **Procurement**

Management of Fraud and Corruption under Australia's *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule)

The PGPA Rule ensures there is a minimum standard for accountable authorities of Commonwealth entities for managing the risk and incidents of fraud. Section 10 of the PGPA Rule provides that the accountable authority of a Commonwealth entity must take all reasonable measures to prevent, detect and deal with fraud relating to the entity, including by:

- (a) conducting fraud risk assessments regularly and when there is a substantial change in the structure, functions or activities of the entity; and
- (b) developing and implementing a fraud control plan that deals with identified risks as soon as practicable after conducting a risk assessment; and
- (c) having an appropriate mechanism for preventing fraud, including by ensuring that:
  - (i) officials of the entity are made aware of what constitutes fraud; and
  - (ii) the risk of fraud is taken into account in planning and conducting the activities of the entity; and
- (d) having an appropriate mechanism for detecting incidents of fraud or suspected fraud, including a process for officials of the entity and other persons to report suspected fraud confidentially; and
- (e) having an appropriate mechanism for investigating or otherwise dealing with incidents of fraud or suspected fraud; and
- (f) having an appropriate mechanism for recording and reporting incidents of fraud or suspected fraud.

## **Risk Management**

- In relation to risk management section 16 of the PGPA Act requires the Accountable Authority to establish and maintain systems relating to risk and control within the Commonwealth entity.
- Section 25 of the PGPA Act requires an official of a Commonwealth entity to exercise his or her powers, perform his or her functions and discharge his or her

duties with the degree of care and diligence that a reasonable person would exercise. This duty includes reasonably foreseeable risks.

Specific to procurement and conflict of interest.

- The Joint Committee on Public Accounts and Audits (Report No. 472 of 17 October 2018 refers) examined a number of Australian National Audit Office reports, including Audit Report No. 61. The Department of Health was the audited Commonwealth entity. The Auditor-General concluded that the effectiveness of the National Cancer Screening Register procurement was substantially reduced due to inadequate consideration of risk during planning and poor management of probity and conflicts of interest.
- Section 29 of the PGPA Act places a duty on all officials to disclose material personal interests. The *Public Service Act 1999* (PS Act) Code of Conduct requires employees to take reasonable steps to avoid any conflict of interest, and to disclose material personal interests where they cannot be avoided. All Accountable Authorities of Commonwealth entities were reminded of the conflict of interest obligations under the PS Act and the PGPA Act.

3. Please outline the top 3–5 corruption risks your country has identified (both short and longer term) arising in connection with the COVID-19 crisis. Where possible, please indicate whether these risks were present and/or high prior to the onset of the pandemic. When outlining risks, you may consider the following (non-exhaustive) list:
  - Corruption and fraud risks in public procurement of medicines, medical supplies or any related goods or services (this may include price gouging, bribery, self-dealing, and any other risks occurring specifically as a result of public procurement rules allowing for expedited delivery of goods/services during the pandemic).
  - 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).
  - 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.
  - Misdirection or exploitation of government funds or other assets (e.g. PPE, ventilation equipment).
  - Fraudulent billing to the government or insurance companies for the provision of healthcare services.
  - Undue influence and conflicts of interest in healthcare provision and regulation (including drug development and market entry), policy-setting and evaluation.
  - Provision of counterfeit medical supplies and / or medication.
  - 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.
  - Increases in COVID-19 related cyber-criminal fraud.

- Impeded anti-corruption enforcement actions due to the COVID-19 crisis.
- Impeded provision of international cooperation (e.g. mutual legal assistance) due to the COVID-19 crisis.
- Exploiting the disbursement of national economic relief/rescue/stimulus packages, including:
  - Officials soliciting bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Officials being offered, promised or given bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Sexploitation (including sexual exploitation and sextortion) and abuse of vulnerable or marginalized communities in exchange for financial or in-kind support as part of economic/social support services.
  - Schemes such as creating false or non-existent beneficiaries to embezzle stimulus / relief funds.
- Exploiting international financial aid related to COVID-19 or other types of support.
- 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.

Australia has identified a number of corruption risks arising in the context of the COVID-19 pandemic. Below is a snapshot of some of the most significant corruption risks identified by government agencies and departments in relation to their work and responsibilities. While this list is not exhaustive, and at this stage of the pandemic it is difficult to ascertain the ‘top’ corruption risks that have emerged thus far, it provides an outline of some key risks identified across various areas.

#### **Commonwealth COVID-19 Counter Fraud Taskforce**

First, increases in COVID-19 related cyber-criminal fraud. These risks were present and already high prior to the pandemic. In some circumstances, pre-existing system vulnerabilities were known to criminals prior to the pandemic, and they took full advantage of target stimulus measures.

Second, 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. These risks were present but low prior to the pandemic. The need to onboard 1000s of new staff to support the pandemic response strained on-boarding processes and increased the risk of insider threat. More staff working from home and using often untested communication mediums, such as Zoom, increased the risk of information compromise.

Third, exploiting the disbursement of national economic relief/rescue/stimulus packages. These risks were present and already high prior to the pandemic. Australia was already rolling out multi-million dollar relief and recovery programs in response to the Black Summer bushfires.

## **Health**

First, corruption and fraud risks in public procurement of medicines, medical supplies or any related goods or services. These risks only presented during the onset of the pandemic due to expedited processes. This also applies to the delivery of medical supplies.

Second, the Therapeutic Goods Administration (TGA) identified that the outbreak of the COVID-19 pandemic could lead to a dramatic increase in related products coming to the market that may be misleading or illegal.

## **Law enforcement**

Consideration has been given to the risks presented by expedited public procurement, and to the insider threats within economic stimulus measures, and known or existing mitigation strategies have been implemented or strengthened in response.

Law enforcement agencies identified that additional demand placed on the healthcare system in the COVID-19 context may create an environment more conducive to cartel conduct, conflict of interest or insider trading risks, whether through inadvertent or criminal disclosure. Continued oversight of procurement processes has been maintained or otherwise encouraged in the pandemic context.

## **Resources**

The following advices have been prepared by the Australian Anti-Corruption Agencies (including at the state level) in relation to COVID19. They cover a range of risks that may be of interest:

ACLEI: [https://www.aclei.gov.au/sites/default/files/cp\\_advice\\_covid\\_19.1.pdf](https://www.aclei.gov.au/sites/default/files/cp_advice_covid_19.1.pdf)

SA: <https://icac.sa.gov.au/report/public-admin-in-pandemic>

VIC: <https://www.ibac.vic.gov.au/publications-and-resources/podcast-transcripts/exposing-and-preventing-corruption-in-a-time-of-covid-19>

NSW: <https://www.icac.nsw.gov.au/prevention/corruption-prevention-publications/latest-corruption-prevention-publications/managing-corrupt-conduct-during-the-covid-19-outbreak>

NT: [https://icac.nt.gov.au/\\_\\_data/assets/pdf\\_file/0008/816155/Fraud-and-the-COVID-19-Stimulus-Package.pdf](https://icac.nt.gov.au/__data/assets/pdf_file/0008/816155/Fraud-and-the-COVID-19-Stimulus-Package.pdf) and

[https://icac.nt.gov.au/\\_\\_data/assets/pdf\\_file/0004/816232/COVID-19-fraud-watch-checklist\\_FINAL.pdf](https://icac.nt.gov.au/__data/assets/pdf_file/0004/816232/COVID-19-fraud-watch-checklist_FINAL.pdf)

4. If possible, please provide examples of detected or suspected instances of domestic or transnational corruption or fraud, in line with the key risk areas mentioned in question 3. Please include a summary of the detected or suspected act, and how it was detected. Where such information is sensitive, please provide examples of the type of incident which has occurred.

## **Commonwealth COVID-19 Counter Fraud Taskforce**

Increases in COVID-19 related cyber-criminal fraud:

- at the end of June 2020, the Australian Tax Office advised that they were aware of a significant increase in COVID-19 scams and fraud attempts
- the Australian Cyber Security Centre has released similar advice. They have also published a reminder that it is important to incorporate cyber security into contingency planning, and
- As at 29 September 2020, Australia's Scamwatch has received over 4,160 scam reports mentioning the coronavirus with over \$3.36 million AUD in reported losses since the outbreak of COVID-19 (coronavirus). This includes a focus on financial scams to get access to individual's superannuation accounts.

Corruption risks in regular private and public sector activities could arise as a result of increased working from home, where fewer anti-corruption checks and controls are in operation:

- the Australian Cyber Security Centre has released Cyber Security tips when working from home in recognition of the new risks. They have also provided advice on the risks associated with moving a work environment to remote access arrangements
- the Australian Federal Police, as part of the Commonwealth COVID-19 Counter Fraud Taskforce, distributed a paper on the risks associated with moving to a remote working environment, and
- the NSW ICAC released a paper on Managing Corrupt Conduct during the COVID-19 outbreak. It included a section on the risks associated with working from home (see page 5).

Exploiting the disbursement of national economic relief/rescue/stimulus packages:

- Australians have been arrested for allegedly committing fraud against the economic stimulus packages across the Commonwealth. Notably:
  - <https://www.abc.net.au/news/2020-08-09/coronavirus-queensland-afp-arrests-superannuation-early-access/12530252>
  - <https://www.canberratimes.com.au/story/6759451/two-arrested-for-fire-virus-claim-fraud/?cs=14231>
  - <https://7news.com.au/travel/coronavirus/coronavirus-australia-western-sydney-man-becomes-first-person-to-be-charged-over-covid-19-welfare-fraud-c-1034718>
- Support measures in the Australian Government's COVID-19 stimulus package could be targeted by fraudsters. For example, the COVID-19 Early Release of Superannuation (ERS) scheme has already been targeted, and the Australia Federal Police have made some arrests. In September 2020, the Australian Taxation Office noted that approximately 92 per cent of applicants had met an eligibility criterion, however, the final estimate of the compliance rate for

- Australia's ERS scheme will not be known until the scheme ends on 31 December 2020, and
- the Australia Taxation Office has also [published advice](#) on their approach to dealing with COVID-19 fraud.

It should be noted that some of the fraud and corruption events will take time to identify, and indeed this is one of the benefits of post payment assurance. For example, one of Australia's economic stimulus measures is providing loans to small businesses. It is likely that this measure will be exploited, but it may not be detected until the applicant defaults on the loan.

### **Health**

The TGA issued two infringement notices to companies for the alleged unlawful importation and advertising of medical devices in relation to COVID-19. One company allegedly imported non-contact infrared thermometers that at the time of importation were not included in the Australia Register of Therapeutic Goods, and were neither exempt nor excluded from the operation of the Therapeutic Goods Act 1989. This company also falsely suggested that the thermometers were approved by the TGA, when this approval had not been given. These breaches of the Act are of significant concern to the TGA and the TGA has since published a warning to advertisers and consumers about illegal advertising relating to COVID-19. Further information can be found here: <https://www.tga.gov.au/media-release/two-companies-fined-25200-alleged-unlawful-importation-and-advertising-infrared-thermometers-relation-covid-19>.

### **Law enforcement and criminal intelligence**

Initial intelligence assessments identified suspected corrupt activity relating to the stockpiling or sourcing of PPE and the procurement of substandard PPE, including through organised criminal networks sourcing goods to be exported overseas for significant profit.

This risk was mitigated through changes to legislation to introduce an offence provision for the export of PPE, hand sanitizer or other medical supplies, and was further reduced through the significant reduction in imports and exports during the pandemic.

- Are any longer-term trends in corruption risks beginning to emerge as a result of COVID-19 in your country that will need a new or improved anti-corruption approach in the future? Please elaborate on these trends, and the new or improved anti-corruption approach if possible.

While some longer-term corruption risks are beginning to emerge as a result of COVID-19 (further information below), we note that further risks may emerge into the future. It may be too early to identify all emerging corruption risks.

### **Australian COVID-19 Counter Fraud Taskforce**

Due to the heightened risks of identity theft and identity fraud as a result of COVID-19, there are longer term opportunities for enhancing program integrity in Australia:

- building on the Digital Transformation Agency's digital identity model, myGovID, and establishing a unique identifier can support the integrity of government payments across multiple agencies
- embedding information sharing and collaboration as a standard feature of program design, including enhanced partnerships with the private and not-for-profit sectors, will have longer-term benefit. Arrangements, such as the Fintel Alliance established by AUSTRAC in 2007, have equipped agencies with the capability, information and intelligence they need to prevent and disrupt fraud and other financial crimes, and
- there is also merit in establishing an Australian Counter Fraud Profession to improve the capability and expertise of counter fraud professionals across government. This would improve the capability and expertise of counter fraud professionals within agencies and better equip us to face future crises, including by surging qualified staff to areas of need.

### **Health**

Cross-program fraud and corruption has always been a risk to the Government. During the pandemic this risk has been highlighted, as it will be a longer term trend that will require all departments to collaborate in order to combat these ongoing trends of cross-program fraud and corruption.

### **Law enforcement and criminal intelligence**

The ACIC notes that cartels may exploit trusted insiders to enable their illegal activity. Cartels ultimately aim to manipulate the procurement process to ensure a particular outcome. This can be managed entirely external to the target agency or process (where competitors collude), but may be more efficient if a trusted insider, such as a procurement officer stationed within the targeted agency, enables the activity. Trusted insiders may be vulnerable to exploitation by external threat actors. Their positions may create unique opportunities for access to, manipulation and concealment of procurement processes and associated documentation.

Cartel conduct in procurement differs from some other fraud methodologies because although the contracts are fraudulently obtained through collusion, the required product or service is ultimately delivered to the agency. Cartel members mutually benefit from the arrangement.

## **B. Anti-Corruption Controls during the Pandemic**

6. What are the anti-corruption controls, safeguards, and measures that your government has put in place to address corruption risks identified in section (A)? Please highlight any special measures or procedures that have been introduced during the pandemic (e.g. telephone hotlines to report corruption in the allocation and disbursement of crisis response funds, an interagency cooperation taskforce among anti-corruption authorities, cooperation across international borders, ex-post facto audits of crisis

related spending, publishing the beneficial ownership information of companies awarded public contracts, etc.)?

### **Commonwealth of Australia COVID-19 Counter Fraud Taskforce**

The Commonwealth COVID-19 Counter Fraud Taskforce was a key anti-corruption measure established by the Australian Government in response to the pandemic. The Taskforce improved cross-government collaboration and information sharing and provided focused resources to conduct detailed mapping of anti-corruption/fraud measures and risk assessment support for the pandemic response.

Intelligence sharing was a key focus for the Taskforce. It operated a Steering Committee (comprising senior executives) and an Operational Intelligence Group (at the operational level) to facilitate timely intelligence sharing of emerging fraud risks, trends and opportunities for coordinated multi-agency response to fraud during the pandemic. In addition, the Taskforce engaged regularly with international counterparts to share intelligence and enable a coordinated international response to emerging transnational fraud risks and criminal activity. Although the Taskforce's work has concluded, these groups proved highly valuable and successful and as a result have agreed to continue meeting and working together.

The Taskforce provided a counter-fraud advisory service to Australian government agencies. Noting the controls used to combat fraud and corruption differ from agency to agency, the Taskforce generally advised agencies to implement low friction controls upfront, to use existing systems and processes where possible and to follow up with post-payment assurance measures. The COVID-19 Counter Fraud Toolkit provided with this response provides more information on the types of controls that are suitable for implementation in emergency economic support measures.

In addition, the Commonwealth Fraud Prevention Centre (which is part of the Australian Attorney-General's Department and co-led the Taskforce) also published information on over 60 common countermeasures that can be used to prevent, detect and respond effectively to fraud and corruption. These are available on its [website](#).

Fraud and corruption during emergency responses is, to some extent, inevitable and likely unpreventable due to the time critical nature of delivery. However, it can quickly become endemic if not properly contained. When responding to these risks, the Taskforce highlighted immediate and long term opportunities to address the new risks that were arising in Australia's COVID-19 response:

- **adopt a common approach to assessing fraud risk to help identify cross-agency risks and vulnerabilities.** Keep in mind that a quick high-level corruption/fraud risk assessment may be suitable, given the time pressure to deliver the emergency measures. Be flexible in your approach
- **look for opportunities to collaborate across government to mitigate fraud risks.** Resources are under extreme pressure in emergency situations, and redeployment of key staff across the government provides opportunities for collaboration but also introduces new fraud and corruption risks.

- **deliver simple messages early and consistently.** This ensured that we successfully propagated messages across the government widely and quickly, and our advice was credible and well received
- **implement low friction controls as soon as possible to strengthen program integrity.** Low friction controls go some way to mitigating the fraud risk without causing significant delay to claiming processes or payment rollout
- **ensure that post-payment assurance is planned, appropriately resourced and undertaken.** Post-payment assurance is integral to effectively managing payments in emergency management scenarios. This enables Australian Government entities to identify funds that have been paid incorrectly, and to facilitate recovery where possible. *The Taskforce created and disseminated a COVID-19 Countermeasures Toolkit which summarised key countermeasures and provided tips for implementation*, and
- **to get buy-in, use communications that show that governments do not bear the full cost of fraud and corruption during crises.** Upstream decisions to accept a higher tolerance of fraud and corruption (in favor of rolling out support measures quickly) will have downstream impacts on the government's integrity and our citizens. In particular, with fewer identity countermeasures, citizens bear the burden of an increased risk of identity theft or takeover and scams.

### **Law enforcement**

Law enforcement agencies work with government and non-government entities to prevent offending, provide advice and respond to suspected allegations of corruption, including allegations related to the pandemic.

The Operational Intelligence Group is an Australian Federal Police led initiative which has brought together all relevant agencies on a regular basis to discuss intelligence, fraud/corruption controls and other COVID related trends, issues and concerns.

The Bribery Prevention Network is a partnership between the Australian Government, a number of large Australian corporate entities and civil society organisations. The Network enables all Australian businesses, particularly small to medium enterprises (SMEs), to engage across industries and up and down supply chains to improve collective efforts to prevent, detect and respond to the risks of bribery and corruption.

The Australian Federal Police observes that many of the measures introduced to mitigate fraud risks, such as identity verification processes and appropriate training of staff to help them identify fraudulent claims, are also likely to also assist with preventing corruption. It notes the internal reporting and investigation capabilities present across government agencies help to prevent and detect corrupt activity.

### **JobKeeper Payment**

The JobKeeper Payment is among the largest one-off fiscal measures in Australia's history, which as at 23 June 2020 was delivering payments to over 920,000 organisations and around 3.5 million individuals over the April-May 2020 period. The relevant agencies have undertaken analysis of the fraud and corruption risks to the

JobKeeper Payment as part of a Strategic and Shared Risk Approach. They have identified the following controls, safeguards and measures in place to address these risks (note this list is not exhaustive):

- internal procedures and systems within agencies to detect and action fraud
- real time risk assessments informed front end design
- public education, guidance and instruction
- community information, referrals and tip-off line
- internal policies and procedures focusing on internal and external fraud
- existing counter fraud controls adapted and built into the policy and program design
- ATO Cyber security prevention controls employed to prevent industrial fraud
- real time risk profiling informing risk modelling on claims before payment
- manual checks of claims of concern
- targeted audit and compliance activity on high risk claims using continuously reviewed risk profiling and modelling
- pivoting established ongoing ATO audit activity resources into high risk claims
- penalties, powers and criminal proceedings, and
- serious financial crime responded to through the Serious Financial Crime Taskforce.

## **Health**

Measures to address corruption risks taken by the Australian Department of Health include:

- The National Incident Room, which is the Department's epicenter of the response to the pandemic. It has a dedicated call Centre line to address COVID related topics including PPE fraud, stimulus package corruption and any other COVID-related matters.
- A communication package which included low friction controls that should be considered by program areas and detailed information on preventing, detecting and reporting fraud and corruption.
- Increased collaboration with some high risk divisions in the aged care sector to gather data and intelligence to reduce or control the threat of fraud and corruption against stimulus packages.

In addition, the Public Sector Fraud Forum, PPE working group, facilitated information sharing (where possible) across countries to combat the international risks in PPE procurement and distribution.

The TGA also increased its regulatory oversight and resources in response to the pandemic. Its functions include:

- regulatory systems for adverse event reporting
- company and public reporting systems
- early identification of suspect products entering the market
- significant fines to discourage misleading or illegal claims about the efficacy of medicines and medical devices
- public alerts about to faulty or unlawful products which may have entered the market illegally
- TGA approval of all products making therapeutic claims and registration on the Australian Register of Therapeutic Goods for legal marketing in Australia, and
- participation in international fora with national regulators and international regulatory organisations to share information and plan for and address COVID-19 as part of a global response. Examples include discussion of regulatory grade clinical trials and what treatments and vaccines are being investigated.

7. Does your government have any specific legislative / governance procedures in place to allow for timely public procurement in emergency situations? If so, please describe these briefly below. If not, how is emergency public procurement during the Coronavirus pandemic taking place / how did it take place and what anti-corruption measures were adopted?

The Commonwealth Procurement Rules (CPRs) provide significant flexibility when undertaking procurements. There are a number of mechanisms outlined in the CPRs which enable more streamlined processes to engage suppliers more urgently than may be appropriate. These mechanisms will need to be carefully considered by entities on a case-by-case basis. There are two mechanisms, in particular, that may be useful to entities in the current environment:

- **paragraph 2.6** of the CPRs allows Accountable Authorities to apply any measures that they deem appropriate for a range of circumstances, including to protect human health. As a result, an Accountable Authority could decide that it is necessary to undertake a streamlined process for particular goods or services to protect human health. Further guidance is provided on the Finance website [here](#), and
- **paragraph 10.3b** allows entities to use a streamlined process due to reasons of extreme urgency brought about by unforeseen events by the relevant entity, the goods and services could not be obtained in time under an open tender.

Regardless of the procurement process, entities still need to satisfy themselves that value for money is being achieved. Appropriate records should also be maintained including relevant approvals and decisions.

The CPRs are available on the Finance website –

[https://www.finance.gov.au/sites/default/files/2019-11/CPRs-20-April-2019\\_1.pdf](https://www.finance.gov.au/sites/default/files/2019-11/CPRs-20-April-2019_1.pdf)

8. Do any mechanisms exist in your jurisdiction which are specifically-designed to monitor procurement activity during any public emergency, including the current COVID-19 pandemic? Please elaborate.

### **Procurement**

While no specific whole-of-government mechanisms are in place to monitor procurement during public emergencies, the Commonwealth Procurement Rules (CPRs) detail the accountability and transparency obligations of officials. These include:

- a requirement for officials to maintain, for each procurement, a level of documentation commensurate with the scale, scope and risks of the procurement
- use of AusTender, the Australian Government's procurement information system, to publish a range of information including relevant entities' planned procurements, open tenders and contracts awarded, and
- other reporting and disclosure obligations including disclosure of non-compliance with the CPRs through the Commonwealth's compliance reporting process.

### **Audit**

The Australian National Audit Office (ANAO) has set up a [COVID-19 multi-year audit strategy](#) to address the changed risk environment for the Commonwealth. This strategy includes consideration of procurement activities during the COVID-19 emergency response.

9. How effective do you believe the domestic anti-corruption controls referenced in questions 6-8 in this section have been, and what have been the main challenges?

### **Commonwealth COVID-19 Counter Fraud Taskforce**

The Commonwealth COVID-19 Counter Fraud Taskforce was highly effective in giving swift and detailed advice on controls that could be implemented during the COVID-19 crisis. The level of maturity of counter fraud arrangements varies across Australian Government entities. Some entities had the capability/capacity to implement these controls more easily than others. Now that the Taskforce has concluded, the Commonwealth Fraud Prevention Centre will continue to work with Australian Government entities to identify risks, implement controls and test the effectiveness of the controls.

### **Commonwealth procurement rules**

The Department of Finance (Finance) considers the controls and mechanisms set out in the Commonwealth Procurement Rules and outlined above are effective (noting they are not only tied to anti-corruption, but also to openness and transparency). The controls and mechanisms for monitoring government procurement align with our international obligations under Australia's various free trade agreements.

In regards to government procurement challenges, the COVID-19 situation has been unprecedented and is having a significant impact on businesses of all sizes. The main challenge for government procurement has not so much been around anti-corruption but difficulties that suppliers may face, including struggling to meet their contractual obligations with Commonwealth entities which has the potential to put the suppliers financial viability, ability to retain staff and supply chains at risk.

Finance's engagement with industry stakeholders (outlined in question 1) to identify COVID-19 related issues affecting suppliers was well received by industry representatives.

#### **ANAO**

ANAO audits provide assurance after the fact, and it may be at least another six months until the first audits are released. These audits are unlikely to impact the effectiveness of the controls but will provide assurance on what controls have been effective and what lessons can be learnt for future emergency responses.

#### **Law enforcement**

Scrutiny of public procurement activities by procurement agencies and law enforcement helps to identify corruption risks. For example, inappropriate use of protected government information or conflicts of interest may indicate corrupt or fraudulent conduct.

In response to efforts by serious organised crime groups to take advantage of the pandemic for illicit gain, law enforcement is focused on efforts to improve information sharing among Australian agencies and international partners, including in respect of transnational organised crime.

Overall, it can be difficult to assess the effectiveness of the preventive measures in place or adopted during the pandemic, noting such measures range from simple deterrence messages, to fixing vulnerabilities in delivery systems, to quick detection and arrests of offenders.

10. If possible, please provide an overview of how non-governmental stakeholders (e.g. civil society and the media) have supported oversight efforts to detect fraud and corruption during your country's response to the pandemic. Are there any specific policies and practices your country has in place to facilitate these efforts?

Civil society and media in Australia and internationally play a critical role in detecting and reporting on allegations of fraud and corruption in Australia and facilitating the free and open exchange of ideas about Australia's response to these issues. Reporting on and public debate about fraud and corruption can also have an important deterrent effect.

11. Considering your responses to questions 6-10 of this section, which of such measures and processes would you consider good practices to be shared with the G20 ACWG?

All of the measures mentioned in response to questions 6-10 could be considered good practices.

In respect of new measures implemented in response to the pandemic, Australia would highlight its COVID-19 Counter Fraud Taskforce which was created to support agencies to rapidly design and implement the Government's pandemic response measures to prevent, detect and disrupt fraud against these measures. The Taskforce's stakeholders have provided strong positive feedback regarding its efforts, noting in particular that it facilitated a coordinated, timely and strategic Commonwealth response to combat fraud against COVID-19 stimulus measures and provided a useful platform for collaboration between agencies. This centralised and coordinated approach was highly effective and made a real impact to the Commonwealth's ability to counter fraud and corruption during the COVID-19 response.

We would also emphasize the Operational Intelligence Group, which has assisted with cross-Government intelligence sharing and has strengthened the posture of the Australian Government's response to fraud and corruption.

A good communications strategy was essential to promote prevention/control measures. For example, such a strategy was developed for specific threats to the Department of Health in consultation with the Fraud Prevention Centre.

Finally, Australia notes the Bribery Prevention Network concept provides a model for improved private-public partnerships in the prevention, detection and response to the risks of bribery and corruption. Similar partnerships could be established applying the concept to other related criminal conduct as well.

12. In your opinion, how can the G20 countries work collectively to address corruption risks arising in connection with the COVID-19 crisis, both with respect to national efforts and international collaboration?

In Australia's experience, a key first step is to achieve broad acceptance that fast-tracking policies and programs comes with a range of new risks, including fraud and corruption. This is a central message that the G20 can promote.

Australia's COVID-19 Counter Fraud Taskforce has demonstrated that collaboration and information sharing are integral to an effective response to the new risks posed by crises. Entities can share: trends; advice on low friction controls; and post-payment assurance techniques and discuss in an open and transparent manner the risks as they arise. This requires entities to have the capability to identify, consider and respond to risks, and to ensure that appropriate resources are allocated to these activities, even when the focus is on getting the new policies and supports in place.

Australia also encourages the G20 ACWG to continue its work on promoting the implementation of international standards for the prevention of corruption and international cooperation in corruption matters. This includes with respect to

transnational serious organised crime groups, serious financial crime and instances where the two overlap.

13. In your opinion, are there any new ways of working in the anti-corruption space which may be necessitated by the impact of COVID-19, in response to short or longer-term trends (e.g., conducting remote court hearings on corruption cases)? Please elaborate.

The corruption and fraud risk assessments and mitigation strategies referred to above necessarily accompany the pandemic response. Some other specific examples of new ways of working include:

- addressing the integrity challenges associated with a government agency quickly hiring a large number of surge capacity staff (for pandemic-related work), such as having access to reliable information to verify the self-declarations made by candidates seeking positions
- planning, resourcing and carrying out post-payment assurance activities to check payments have been made properly
- measures to ensure the continuity and preparedness of the criminal justice sector as a whole, such as use of ICT solutions to assist courts to carry out trials and other hearings safely, and
- management of the risk of COVID-19 outbreaks in prisons and corrections facilities.

14. If possible, please outline measures which could be taken in your country to prepare for and safeguard against risks during future crises in terms of the anti-corruption response.

The Commonwealth Fraud Prevention Centre in the Attorney-General's Department and Operation Ashiba in the Australian Federal Police will continue many of the activities established by the Commonwealth COVID-19 Counter Fraud Taskforce. For example, the Steering Group and Operational Intelligence Group will continue to meet, to facilitate coordination, collaboration, strategic policy development, and information and intelligence sharing. Additionally, the Commonwealth Fraud Prevention Centre and Operation Ashiba continue to work collaboratively, capitalising on strengths and capabilities, but maximising the benefits of co-developed products and activities. They both focus on continuing to develop practical, insightful guidance products to support agencies counter fraud against the Commonwealth. Regular engagement with international counterparts and the private sector will also continue.

The Commonwealth Fraud Prevention Centre is well placed to drive practical action and promote collaboration and exchange of information and intelligence in future crises, without establishing a formal Taskforce. This will mean that early momentum in providing responsive and proactive assistance will not be inhibited, and that it can align activity delivery to the current or emerging needs.

15. If possible, from your own perspective, are there any areas of overlap between the ACWG priorities in 2020 and the response to the COVID-19 crisis, or other future crises which you would like to highlight? For example, has ICT been used to enforce anti-corruption controls during the pandemic? Would you consider including mechanisms for emergency responses in your national anti-corruption strategy, if your country has one? Please elaborate.

Australia would emphasise the important role ICT plays with respect to:

- facilitating sharing of fraud and corruption intelligence and other information among agencies
- using data and analytics to identify risks of fraud and corruption, and to prevent and detect fraud and corruption, and
- assurance regarding the management of risks (through activities like pressure testing and penetration testing).

## BRAZIL

### Questionnaire for the members of the G20 ACWG

#### A. Corruption Risks during the COVID-19 Pandemic

1. Has your government assessed domestic or transnational corruption risks arising during the COVID-19 pandemic, either through a formal risk assessment or other informal means? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents such as anti-corruption plans to mitigate corruption risks arising in connection with the COVID-19 crisis).

The Brazilian federal government established the Crisis Committee for Supervision and Monitoring of the Impacts of COVID-19, composed of nearly 20 government agencies. The deliberative committee serves as a platform to coordinate and monitor the federal government's integrated actions to fight the COVID-19 pandemic. The committee created a specific [working group](#) aimed at consolidating governance and risk management strategies within the federal government. The working group is tasked with mapping the risks directly related to the strategic objectives of the national response to the pandemic and proposing mitigating measures, as well as carrying out systematic monitoring. The working group also collects information on strategic risks in the state and local levels.

Due to the large quantities of supplies, equipment, and services required to fight the pandemic, the Office of the Comptroller General of Brazil (CGU), the main internal control and oversight body in the Federal Executive Branch, created a taskforce to assist the Ministry of Health and other government agencies to monitor emergency purchases made under flexible *ad hoc* procurement rules. CGU officials conduct operational and corruption risk assessment analyses on procurement contracts to

inform the decisions surrounding these expenses and guide the adoption of corruption prevention measures.

CGU has also been assessing the risks related to the implementation of the emergency economic relief program. CGU and the Ministry of Citizenship, in charge of social welfare programs, signed a Technical Cooperation Agreement to facilitate the exchange of information and access to databases necessary to monitor fraud and corruption risks related to the payment of the relief benefit. By cross-checking different databases, CGU officials have been able to identify problems and vulnerabilities in the disbursement of the economic relief program. The monthly benefit is intended only for informal workers, individual microentrepreneurs, self-employed, and unemployed workers during the crisis caused by the coronavirus pandemic.

2. Has your government undertaken any previous corruption risk assessment which is relevant to activities being conducted, or risks present in the current pandemic situation or other emergency scenarios (e.g. an assessment of corruption risks in the healthcare sector which existed beforehand, assessment on emergency procurement processes, etc.)? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents).

The Brazilian government has been applying the risk management framework that was already in place to mitigate the risks of fraud and corruption arising during the coronavirus pandemic.

The governance policy of the federal government, established by [Decree 9.203/2017](#) and Normative Instruction [IN 1/2016](#), determines that every federal agency and institution must establish, maintain, monitor and improve its risk management system and internal controls for the identification, assessment, treatment, monitoring and critical analysis of risks that may impact the implementation of its strategic planning, the achievement of organizational objectives, and the fulfilment of its institutional mission.

In addition to institutional risk assessment, federal agencies must also establish and implement integrity programs that take into consideration integrity risks and adopt measures to address them, as set forth in [Ordinance CGU 1.089/2018](#).

3. Please outline the top 3–5 corruption risks your country has identified (both short and longer term) arising in connection with the COVID-19 crisis. Where possible, please indicate whether these risks were present and/or high prior to the onset of the pandemic. When outlining risks, you may consider the following (non-exhaustive) list:
  - Corruption and fraud risks in public procurement of medicines, medical supplies or any related goods or services (this may include price gouging, bribery, self-dealing, and any other risks occurring specifically as a result of public procurement rules allowing for expedited delivery of goods/services during the pandemic).

- 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).
- 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.
- Misdirection or exploitation of government funds or other assets (e.g. PPE, ventilation equipment).
- Fraudulent billing to the government or insurance companies for the provision of healthcare services.
- Undue influence and conflicts of interest in healthcare provision and regulation (including drug development and market entry), policy-setting and evaluation.
- Provision of counterfeit medical supplies and / or medication.
- 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.
- Increases in COVID-19 related cyber-criminal fraud.
- Impeded anti-corruption enforcement actions due to the COVID-19 crisis.
- Impeded provision of international cooperation (e.g. mutual legal assistance) due to the COVID-19 crisis.
- Exploiting the disbursement of national economic relief/rescue/stimulus packages, including:
  - Officials soliciting bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Officials being offered, promised or given bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Sexploitation (including sexual exploitation and sextortion) and abuse of vulnerable or marginalized communities in exchange for financial or in-kind support as part of economic/social support services.
  - Schemes such as creating false or non-existent beneficiaries to embezzle stimulus / relief funds.
- Exploiting international financial aid related to COVID-19 or other types of support.
- 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.

The following critical corruption risks have been identified (among others):

1. Corruption and fraud risks in public procurement of medicines, medical supplies or any related goods or services, including price gouging practices, companies failing to deliver the contracted goods and services, embezzlement, and bribery of public officials to secure contracts. These are long-term risks that were present before the onset of the pandemic. Brazilian authorities are constantly monitoring public procurement procedures in the health sector.

2. Misdirection or exploitation of government funds or other assets, including medical equipment and supplies. The characteristics of the Brazilian Unified Health System (Sistema Único de Saúde - SUS), which provides universal healthcare access through an integrated and decentralized system, involving the coordination of all levels of government, pose an additional risk for the misallocation of public funds and assets. In the SUS structure, municipal governments are the main provider of health services, while federal funds are a major contributor to financing the system. Because most municipalities are small and have limited technical or financial capacity, they rely heavily on federal transfers for funding, equipment, and supplies. The capillarity of the system creates vulnerabilities for misdirection and exploitation of public funds and assets. This is a long-term risk that has been aggravated by the increased demand generated by the pandemic. Brazil has put in place several measures to address this risk. More details are provided in section B.
3. Exploiting the disbursement of emergency economic relief packages, through schemes such as creating false or non-existent beneficiaries to embezzle funds, including by fraudulently using a third party's personal information to request benefits. This type of risk has been present in other cash-transfer and social welfare programs, such as the "Bolsa Família." Brazil has well-established mechanisms for supervising and auditing these social programs.

4. If possible, please provide examples of detected or suspected instances of domestic or transnational corruption or fraud, in line with the key risk areas mentioned in question 3. Please include a summary of the detected or suspected act, and how it was detected. Where such information is sensitive, please provide examples of the type of incident which has occurred.

#### **Corruption in procurement contracts and misdirection of public funds**

Since April, CGU has conducted 29 special operations, in coordination with the Federal Police, Federal and State Prosecution Services, and other partner institutions, to combat embezzlement of federal funds and misdirection of medical equipment and supplies allocated to fight the pandemic in states and municipalities. CGU has audited BRL 585.6 million in procurement contracts, having detected BRL 12.48 million in direct losses and nearly BRL 80 million in potential losses due to corrupt practices or misdirection of funds. More details about these operations are available [here](#).

#### **Price gouging practices**

CGU also detected potential price gouging practices in procurement contracts using the price monitoring tool "Painel Contratações Relacionadas à Covid19", which is an interactive dashboard that publishes information on services, equipment, and supplies acquired by the public sector. The dashboard displays nearly 3 billion items worth BRL 14 billion. CGU estimates that the overall prices charged in these contracts were BRL 2.2 billion above the median overall price of these items.

#### **Emergency economic relief benefit fraud**

CGU has been cross-checking several federal government databases to detect problems in the disbursement of the economic relief benefit. This intelligence work,

for instance, allowed criminal prosecution bodies to capture several fugitives from justice with arrest warrants who had requested the benefit.

The audit also identified 680,564 public officials from the federal, state and municipal government who unduly received the benefit. The payments were in excess of BRL 981 million. CGU is still investigating if the public officials were mistakenly included as beneficiaries or had their personal information fraudulently used to request the aid. More information is available [here](#).

5. Are any longer-term trends in corruption risks beginning to emerge as a result of COVID-19 in your country that will need a new or improved anti-corruption approach in the future? Please elaborate on these trends, and the new or improved anti-corruption approach if possible.

No new permanent long-term trends in corruption risks have emerged as a result of COVID-19 in Brazil. However, it has become more evident the prominence of IT tools in detecting corrupt practices, especially the use of artificial intelligence/machine learning algorithms to analyze and extract information from the various government databases.

## B. Anti-Corruption Controls during the Pandemic

6. What are the anti-corruption controls, safeguards, and measures that your government has put in place to address corruption risks identified in section (A)? Please highlight any special measures or procedures that have been introduced during the pandemic (e.g. telephone hotlines to report corruption in the allocation and disbursement of crisis response funds, an interagency cooperation taskforce among anti-corruption authorities, cooperation across international borders, ex-post facto audits of crisis related spending, publishing the beneficial ownership information of companies awarded public contracts, etc.)?

In March, the Brazilian National Congress approved the motion to declare a 'state of emergency' at federal level, easing the government's spending cap as well as public procurement rules for acquiring supplies needed to fight the pandemic. These ad hoc procurement rules, combined with the need to purchase large quantities of medical devices and supplies from both domestic and international suppliers, pose a significant challenge to oversight.

Interagency cooperation has increased during the pandemic. The federal government established the Crisis Committee for Supervision and Monitoring of the Impacts of COVID-19, composed of nearly 20 government agencies. The crisis committee serves as a platform to coordinate and monitor the federal government's integrated actions to fight the COVID-19 pandemic, including the measures addressed to provide states and municipalities with support.

CGU has been working closely with the Ministry of Health and other government agencies to actively monitor emergency purchases made under the ad hoc

procurement rules. CGU conducts risk assessment analyses on government purchases to anticipate and address potential corruption risks. The Office of the Attorney General (AGU), in turn, is issuing clear guidelines and providing legal counseling to public officials involved in public procurement procedures and defending the federal government's interests in judicial cases related to COVID-19. AGU even developed an [online platform](#) to monitor all judicial cases related to COVID-19, in order to provide a clear and uniform response to disputes.

As of August, CGU has audited BRL 585.6 million in procurement contracts and conducted 29 joint special operations with law enforcement agencies to combat fraud and misallocation of public funds, assets, medical equipment and supplies in several states and municipalities part of the SUS health system.

CGU has also been sharing its expertise with state and municipal internal control authorities in order to strengthen the monitoring of government spending and the provision of public services at the local level. CGU expanded the offer of [online training courses](#) on integrity, compliance, and foreign bribery legislation for federal, state, and municipal public servants.

As an overarching strategy to mitigate corruption risks, the federal government has adopted a policy of broad transparency regarding public spending and encouragement of citizen oversight. In this context, CGU created a web page within its [Transparency Portal](#) for publishing detailed information on every government expenditure related to the COVID-19 pandemic on a daily basis. The platform also publishes an interactive and [searchable list](#) with the 75.1 million beneficiaries of the emergency economic relief program, including detailed information on BRL 115.8 billion in payments made. The Transparency Portal applies user-friendly language to report budgetary and financial information, facilitating, thus, the monitoring and oversight by civil society organizations and individuals.

CGU has also put in place a [website](#) compiling all relevant information and measures implemented by federal government agencies to combat the coronavirus in Brazil. It includes information on enacted and proposed extraordinary legislation, emergency financial relief programs, public spending, contracts and public tenders, transparency and civic participation tools, information and awareness campaigns, as well as comprehensive health statistics, guidelines, protocols and reports.

CGU published [guidelines](#) on integrity in public-private relations during the fight against the coronavirus pandemic, stressing the importance for private companies to adopt integrity and transparency measures when dealing with the public sector.

The Ministry of Health created an [online dashboard](#) with information on hospital availability and medical supplies, such as test kits, masks, and gloves, available in each state. The Ministry also publishes on its [website](#) information on every procurement contract signed without a competitive procedure, in accordance with Article 4, Paragraph 2 of Law 13.979/2020. The goal is to inform citizens about the government purchases to fight the pandemic and how these resources are being distributed across the country.

CGU established an exclusive reporting channel – under ombudsman platform Fala.BR – to receive complaints and suggestions related to the initiatives against the COVID-19.

Every citizen can report problems with the provision of public services, such as lack of medical supplies, abusive trade practices, or misconduct of public officials. Users can also report cases of non-compliance with quarantine recommendations and stay-at-home measures or other public health guidelines. Detailed [statistics](#) about the reports are published weekly on the CGU website (available at <https://www.gov.br/cgu/pt-br/coronavirus>).

CGU, in partnership with the Ministry of Citizenship, has been cross-checking several federal government databases to detect and prevent frauds in the payment of the emergency economic relief. The benefit is intended for informal workers, individual microentrepreneurs, self-employed and unemployed workers during the crisis caused by the coronavirus pandemic. This initiative has allowed authorities to detect nearly BRL 1 billion in improper benefit payments.

7. Does your government have any specific legislative / governance procedures in place to allow for timely public procurement in emergency situations? If so, please describe these briefly below. If not, how is emergency public procurement during the Coronavirus pandemic taking place / how did it take place and what anti-corruption measures were adopted?

According to Article 24, Item V, of Law [8.666/1993](#), in cases of emergency or public calamity, the government is allowed to directly procure goods and services without carrying out standard public procurement procedures. The law considers as emergency or calamity situations in which there is an actual risk of damage or to the safety of people, works, services, equipment, and assets, both public and private.

In the COVID-19 public health emergency, the federal government enacted complementary legislation ([Law 13.979/2020](#)) to regulate the measures adopted in the fight against the pandemic. [Law 14.035/2020](#) specifically provides for the procedures to acquire goods, services, and supplies related to COVID-19.

8. Do any mechanisms exist in your jurisdiction which are specifically designed to monitor procurement activity during any public emergency, including the current COVID-19 pandemic? Please elaborate.

CGU, as the main internal control and oversight body in the federal government, is tasked with monitoring and supervising procurement activities, including during public emergency situations, that involve federal funds, even if executed by states or municipalities. The Federal Court of Accounts, as the external control entity, is also responsible for overseeing federal procurement procedures.

In the current COVID-19 pandemic, the federal government has adopted a three-pronged approach to monitoring procurement activity: risk-based assessment; broad transparency and civic engagement; and ex-post facto auditing.

Due to the high volume of supplies, equipment and services required, CGU created a dedicated taskforce to work with the Ministry of Health to actively monitor emergency purchases made under the ad hoc procurement rules. The taskforce is adopting a "risk-

based approach” to identify beforehand potential problems with procurement contracts and implement corruption prevention measures.

The federal government adopted a strategy of broad transparency as a way to maintain the necessary agility in its public procurement while permitting the detection of abuses and illicit practices. The government is actively publishing relevant information about COVID-19 related purchases and expenses through several easily accessible channels, such as the Transparency Portal, dedicated websites, online dashboards and platforms. By publishing readily accessible information, the government is seeking to promote civic engagement and encourage the oversight of government activities by civil society organizations and individuals. CGU’s exclusive reporting channel to receive complaints and suggestions related to initiatives against COVID-19 has experienced an all-time demand high, indicating the success in promoting civic participation and oversight.

CGU is also systematically auditing procurement contracts related to COVID-19. This work has led to 29 special operations, conducted in collaboration with the Federal Police and Prosecution Service, to combat fraud and corruption. CGU estimates to recover upwards of BRL 80 million as a result of auditing activities.

9. How effective do you believe the domestic anti-corruption controls referenced in questions 6-8 in this section have been, and what have been the main challenges?

The domestic anti-corruption controls have been able to achieve significant success in some areas, although there are still significant challenges.

Brazil has achieved considerable success in promoting transparency and civic participation and oversight. By actively publishing readily accessible information in a user-friendly language, the federal government allows civil society organizations and individuals to oversee government spending and activities. CGU’s exclusive reporting channel to receive complaints and suggestions related to initiatives against COVID-19 experienced an all-time demand peak, indicating the widespread buy-in from the society. During the pandemic, Brazil has noted the key role of civic participation in supporting government anti-corruption controls.

The Brazilian anti-corruption controls have met significant challenges during this pandemic. The nature of the crisis caused by COVID-19 required a rapid and intense government action. This response involved an unprecedented large volume of financial, material, and human resources, which created various vulnerabilities to anti-corruption controls.

The Brazilian anti-corruption institutions needed to find the appropriate balance between maintaining the necessary flexibility and agility in government action and implementing controls to detect and prevent abuses and illicit practices. CGU has effectively adopted a “risk-based approach” as a way to allow for greater flexibility in government spending while still applying anti-corruption controls and preventive measures. CGU, for example, has achieved effective results in monitoring the disbursement of the emergency economic relief benefit, having identified almost BRL 1 billion in improper payments.

One important challenge are emergency purchases made under *ad hoc* procurements rules, which in more than 80% of the cases are made through direct contracts without a competitive procedure. Direct contracting allows for several types of abuse, such as price gouging, fraud, non-delivery of contracted goods and services, among others. CGU's constant monitoring and ex-post facto auditing have had relevant success in detecting and addressing these abuses. However, auditing is a painstaking process that takes time to accomplish, which may prevent a timely response from anti-corruption authorities.

The capillarity of the Brazilian Unified Health System (SUS) creates vulnerabilities for misdirection and exploitation of public funds and assets. The integrated and decentralized health system requires the coordination of all levels of government (federal, state and municipal). Since states and municipal governments are the main provider of health services, the federal government is required to transfer a high volume of funds, medical equipment, and supplies to the local level. The unique SUS diffuse structure poses a significant challenge to oversight. CGU and law enforcement agencies have conducted numerous special operations in states and municipalities to combat embezzlement of federal funds and misdirection of medical equipment and supplies.

10. If possible, please provide an overview of how non-governmental stakeholders (e.g. civil society and the media) have supported oversight efforts to detect fraud and corruption during your country's response to the pandemic. Are there any specific policies and practices your country has in place to facilitate these efforts?

The federal government has adopted a strategy of active and broad transparency of its initiatives and expenditures to encourage civic engagement and oversight. To achieve this objective, the Brazilian government has provided several resources to the general public through easily accessible channels:

- the [Transparency Portal](#) publishes detailed information on every federal government expenditure specifically related to the pandemic on a daily basis. The portal also publishes a [searchable list](#) of the 75.1 million beneficiaries of the emergency economic relief program, including information on payment amounts;
- the Ministry of Health maintains an [online dashboard](#) with up-to-date information on hospital availability and medical supplies distributed in each state. It also publishes on its [website](#) information on every procurement contract signed without a competitive procedure;
- CGU's [interactive dashboard](#) publishes information on acquisitions related to COVID-19, allowing public officials involved in procurement procedures to compare products and prices;
- AGU established an [online platform](#) to monitor all judicial cases related to COVID-19, in order to provide a clear and uniform response to disputes.
- CGU created a [website](#) to gather, in one place, all the initiatives implemented by the federal government to combat COVID-19. The

centralized webpage allows citizens to easily find relevant up-to-date information about government initiatives and expenditures, available relief tools and resources, as well as official information about public health measures;

- CGU established an exclusive reporting channel under ombudsman platform [Fala.BR](#) to centralize complaints and suggestions related to initiatives against COVID-19. Citizens can report problems with the provision of public services, misconduct of public officials, and non-compliance with public health guidelines.

Through these resources civil society organizations and individuals can easily monitor and oversee government activities and the allocation of public funds in the federal and local levels. The reports received from civil society are being used to inform the decisions of the interministerial crisis committee and other public authorities.

11. Considering your responses to questions 6-10 of this section, which of such measures and processes would you consider good practices to be shared with the G20 ACWG?

**Risk Management:** CGU is actively monitoring the emergency purchases made by government agencies related to the coronavirus pandemic. Due to the high volume of supplies, equipment and services required, CGU is adopting a “risk-based approach” to identify potential problems with procurement contracts and implement corruption prevention measures.

- CGU published [guidelines](#) to private companies on the need to adopt integrity and transparency measures when dealing with the public sector in this time of crisis, especially related to emergency procurement contracts, receiving public funds or subsidized loans, and donating resources to public institutions.

**Active Transparency:** the federal government is adopting a strategy of broad active transparency as a way to maintain the necessary flexibility and agility in its public procurement while permitting the detection and prevention of abuses and illicit practices. The government is actively publishing relevant information about the COVID-19 pandemic through the following easily accessible channels:

- the [Transparency Portal](#) publishes detailed information on every federal government expenditure specifically related to the pandemic on a daily basis. The portal also publishes a searchable list of the 75.1 million beneficiaries of the emergency economic relief program, including information on payment amounts;
- the Ministry of Health maintains an [online dashboard](#) with up-to-date information on hospital availability and medical supplies distributed in each state. It also publishes on its [website](#) information on every procurement contract signed without a public tender;
- CGU's [interactive dashboard](#) publishes information on acquisitions related to COVID-19, allowing public officials

- involved in procurement procedures to compare products and prices;
- AGU established an [online platform](#) to monitor all judicial cases related to COVID-19, in order to provide a clear and uniform response to disputes.

**Civic Engagement:** publishing readily accessible information is directly related to the effort to promote civic engagement. Transparency has allowed public authorities to keep the society informed about all the resources and initiatives available, as well as encouraging the oversight of government activities by civil society organizations and individuals.

- To help the general public to find useful information, CGU created a [website](#) to gather, in one place, all the initiatives implemented by the federal government to combat COVID-19. The centralized webpage allows citizens to easily find relevant up-to-date information about government initiatives and expenditures, available relief tools and resources, as well as official information about public health measures;
- CGU established an exclusive reporting channel under ombudsman platform [Fala.BR](#) to centralize complaints and suggestions related to initiatives against COVID-19. Citizens can report problems with the provision of public services, misconduct of public officials, and non-compliance with public health guidelines. The reporting channel experienced an all-time historic demand peak (nearly 50% higher than previous peaks). The record number of reports indicates success in promoting widespread civic participation and oversight.

**Information Technology Tools:** this crisis has demonstrated the importance of investing in and maintaining a robust and adequate IT infrastructure, the digitization of work processes, as well as the effective training of public servants to use these tools. Federal anticorruption agencies and institutions have adopted remote work measures, relying on IT tools to maintain institutional activities in place, especially those related to the investigation and punishment of illicit acts;

- With on-site activities canceled due to COVID-19, CGU expanded the offer of [online training courses](#) for federal, state, and municipal public servants, especially those on topics related to integrity, compliance, and the Clean Companies Act (Law nº 12.846/2013).

**Funding from Legal Proceedings:** the Federal Prosecution Service (MPF) has recommended its prosecutors to request the Judiciary to allocate monetary sanctions resulting from judicial and extrajudicial procedures, including non-prosecution agreements, to combat the pandemic. These values are directed to health funds, hospitals (purchase of equipment, supplies, and medicine), housing and philanthropic institutions, and the care of vulnerable populations, such as indigenous peoples and prisoners.

12. In your opinion, how can the G20 countries work collectively to address corruption risks arising in connection with the COVID-19 crisis, both with respect to national efforts and international collaboration?

G20 countries can work collectively to prevent abusive trade practices in the domestic and international supply chain related to resources to fight COVID-19. States should strive to deter price gouging and market reservation practices, fraud in international procurement contracts, bribery, marketing of counterfeit medical products, conflict of interests, among others.

Countries can also level the playing field by promoting transparency and accountability of government actions, as well as adopting internationally recognized integrity measures in the public and private sectors. States should deepen international cooperation, facilitating and promoting interactions among anti-corruption authorities and the exchange of information.

13. In your opinion, are there any new ways of working in the anti-corruption space which may be necessitated by the impact of COVID-19, in response to short or longer-term trends (e.g., conducting remote court hearings on corruption cases)? Please elaborate.

The coronavirus health crisis has demonstrated the importance of information technology tools in the anti-corruption work.

Brazilian anti-corruption institutions were able to continue to conduct most of its regular operations remotely thanks to the existence of a robust IT infrastructure, digital work processes, and secure institutional systems with remote access. It is also important to provide adequate training to public officials to effectively use these tools.

For example, CGU's staff in charge of investigations has been conducting remote hearings, evidence analysis, and preparatory work for administrative proceedings.

Remote work also highlighted the importance of integration between the different institutional systems of the anti-corruption network. The Office of the Attorney General, for instance, operates via an electronic system, which can be fully integrated with the judicial system. The Federal Prosecution Service has remote access to a set of varied databases used in investigations through a password-protected system.

CGU's auditing and risk assessment work during this pandemic has greatly benefited from the integration of government databases and shared information. CGU was able to identify nearly BRL 1 billion in illicit economic relief payments. The audit also allowed criminal prosecution bodies to capture several fugitives from justice with arrest warrants who had requested the benefit.

Brazilian anti-corruption institutions also face the challenge of processing and analyzing large amounts of data and information, making evident the need for the use of advanced computing techniques, such as artificial intelligence and machine learning algorithms.

14. If possible, please outline measures which could be taken in your country to prepare for and safeguard against risks during future crises in terms of the anti-corruption response.

- Maintain a developed **risk management** framework to help quickly and effectively assess governance and corruption risks, as well as adopt measures to mitigate them;
- Strengthen **private and public integrity** systems, establishing clear guidelines for an ethical conduct and the adoption of good practices during crises;
- Promote broad **transparency and civic engagement**, allowing civil society organizations and individuals to easily monitor and oversee government activities, the allocation of public funds, and the results achieved;
- Constant **monitoring and supervision** to detect and remedy corrupt practices;
- Build a robust **IT infrastructure** and take advantage of innovative technological tools to combat corruption.

15. If possible, from your own perspective, are there any areas of overlap between the ACWG priorities in 2020 and the response to the COVID-19 crisis, or other future crises which you would like to highlight? For example, has ICT been used to enforce anti-corruption controls during the pandemic? Would you consider including mechanisms for emergency responses in your national anti-corruption strategy, if your country has one? Please elaborate.

The current crisis has highlighted the importance of utilizing information technology tools in the anti-corruption sphere. Public officials operating in anti-corruption institutions should have ample access to a robust IT infrastructure to support their work, as well as receive effective training to use them. Institutions should continuously digitize work processes and files and develop secure institutional systems with remote access. Anti-corruption controls have also benefited from the integration of government databases and the use of advanced computing techniques, such as artificial intelligence and machine learning, to process large amounts of data and information.

Another important overlap area are initiatives to strengthen and promote integrity and transparency in the public and private sector. The adoption of robust anti-corruption controls and integrity systems, both in public and private organizations, can help mitigate some of the risks of corruption and vulnerabilities brought by crises. Promoting transparency and civic engagement are paramount for greater government accountability and effectiveness. It is worth highlighting the key role of civic participation in supporting government anti-corruption controls, especially during times of crisis.

# CANADA

## Questionnaire for the members of the G20 ACWG

### A. Corruption Risks during the COVID-19 Pandemic

1. Has your government assessed domestic or transnational corruption risks arising during the COVID-19 pandemic, either through a formal risk assessment or other informal means? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents such as anti-corruption plans to mitigate corruption risks arising in connection with the COVID-19 crisis).

Canada's response to the COVID-19 crisis is based on plans and guidance related to pandemic preparedness, with the following guiding principles:

- Collaboration - all levels of government and stakeholders need to work in partnership to produce an effective and coordinated response.
- Evidence-informed decision-making - decisions should be based on the best available evidence.
- Proportionality - the response to a pandemic should be appropriate to the level of the threat.
- Flexibility - actions taken should be tailored to the situation and evolve as new information becomes available.
- A precautionary approach - timely and reasonable preventive action should be proportional to the threat and informed by evidence to the extent possible.
- Use of established practices and systems - well-practised strategies and processes can be rapidly ramped up to manage a pandemic.
- Ethical decision-making - ethical principles and societal values should be explicit and embedded in all decision-making.

These principles build on lessons learned from past events, particularly the Severe Acute Respiratory Syndrome (SARS) outbreak in 2003, which led to dedicated legislation, plans, infrastructure, and resources to help ensure that the country would be well prepared to detect and respond to a pandemic outbreak.

The public health threat posed by the COVID-19 pandemic has led all levels of the Government of Canada to take unprecedented measures to help slow the spread of COVID-19 and thereby minimize serious illness, death and social disruption resulting from the pandemic. To support this difficult decision-making process, the Government of Canada developed the ***Public health ethics framework: A guide for use in response to the COVID-19 pandemic in Canada***. More information on the framework can be found at: <https://www.canada.ca/en/public-health/services/diseases/2019-novel-coronavirus-infection/canadas-reponse/ethics-framework-guide-use-response-covid-19-pandemic.html>

Applied to anti-corruption, ethical decisions are based on the best information available and a solid, shared understanding of what values, principles and considerations are important. A good decision-making process helps to build trust, to increase legitimacy and acceptability of decisions, and to effectively implement them.

Its hallmarks are:

- Accountability: decision makers are answerable to the public for the type and quality of decisions made or actions taken;
- Openness and transparency: decisions are made in such a way that stakeholders know, in a full, accurate and timely manner, what decisions are being made, for which reasons, and what criteria were applied, and have the opportunity to provide input;
- Inclusiveness: groups and individuals who are most likely to be affected by a decision are engaged in the decision-making and planning processes to the greatest extent possible;
- Responsiveness: decisions are revisited and revised as new information emerges;
- Intersectionality: an intersectional lens is applied to deliberation and decision making.

In addition to these efforts Canada has also increased the emergency contracting limits to execute an effective and rapid government response to the COVID-19 pandemic.

Accordingly,

- Until March 31, 2021, the Minister of Public Services and Procurement's emergency contracting limit is increased to \$500 million for COVID-19 related procurements.
- Until March 31, 2021, the Minister of Public Services and Procurement will have an unlimited emergency contracting limit for the research, development, acquisition and deployment of vaccines related to COVID-19.
- The Minister of Public Services and Procurement has also been granted the authority to indemnify contractors and transfer risk to the Crown when entering into vaccine-related contracts until March 31, 2021.

2. Has your government undertaken any previous corruption risk assessment which is relevant to activities being conducted, or risks present in the current pandemic situation or other emergency scenarios (e.g. an assessment of corruption risks in the healthcare sector which existed beforehand, assessment on emergency procurement processes, etc.)? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents).

In 2018, Public Services and Procurement Canada (PSPC) began a three-year department-wide fraud risk assessment (FRA) to review areas within procurement where the department may be susceptible to fraud, including corruption, and to

develop and implement strategies to mitigate the risks identified. The FRA was conducted prior to the current pandemic situation. Additional enhancements to detection measures, such as the development of data analytics and data visualization, were implemented to further mitigate risks such as collusion among suppliers.

3. Please outline the top 3–5 corruption risks your country has identified (both short and longer term) arising in connection with the COVID-19 crisis. Where possible, please indicate whether these risks were present and/or high prior to the onset of the pandemic. When outlining risks, you may consider the following (non-exhaustive) list:

- Corruption and fraud risks in public procurement of medicines, medical supplies or any related goods or services (this may include price gouging, bribery, self-dealing, and any other risks occurring specifically as a result of public procurement rules allowing for expedited delivery of goods/services during the pandemic).
- 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).
- 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.
- Misdirection or exploitation of government funds or other assets (e.g. PPE, ventilation equipment).
- Fraudulent billing to the government or insurance companies for the provision of healthcare services.
- Undue influence and conflicts of interest in healthcare provision and regulation (including drug development and market entry), policy-setting and evaluation.
- Provision of counterfeit medical supplies and / or medication.
- 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.
- Increases in COVID-19 related cyber-criminal fraud.
- Impeded anti-corruption enforcement actions due to the COVID-19 crisis.
- Impeded provision of international cooperation (e.g. mutual legal assistance) due to the COVID-19 crisis.
- Exploiting the disbursement of national economic relief/rescue/stimulus packages, including:
  - Officials soliciting bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Officials being offered, promised or given bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Sexploitation (including sexual exploitation and sextortion) and abuse of vulnerable or marginalized communities in exchange for financial or in-kind support as part of economic/social support services.

- Schemes such as creating false or non-existent beneficiaries to embezzle stimulus / relief funds.
- Exploiting international financial aid related to COVID-19 or other types of support.
- 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.

All apply – none have been specifically identified.

4. If possible, please provide examples of detected or suspected instances of domestic or transnational corruption or fraud, in line with the key risk areas mentioned in question 3. Please include a summary of the detected or suspected act, and how it was detected. Where such information is sensitive, please provide examples of the type of incident which has occurred.

**Advance Payments and FAA violations:**

Given high demand and global competition for PPEs, appetite for risk is enabled and advance payments are sought by domestic or international manufacturers and/or suppliers even if basis of payment under contract do not provide authority for these payments. Receipt of goods, during pandemic or after, and product quality is uncertain and issuance of advance payments without supporting authority is noted.

5. Are any longer-term trends in corruption risks beginning to emerge as a result of COVID-19 in your country that will need a new or improved anti-corruption approach in the future? Please elaborate on these trends, and the new or improved anti-corruption approach if possible.

The situation is still being assessed.

## B. Anti-Corruption Controls during the Pandemic

6. What are the anti-corruption controls, safeguards, and measures that your government has put in place to address corruption risks identified in section (A)? Please highlight any special measures or procedures that have been introduced during the pandemic (e.g. telephone hotlines to report corruption in the allocation and disbursement of crisis response funds, an interagency cooperation taskforce among anti-corruption authorities, cooperation across international borders, ex-post facto audits of crisis related spending, publishing the beneficial ownership information of companies awarded public contracts, etc.)?

Anti-corruption controls that PSPC employs to reduce the overall risk of corruption, bribery and kickbacks within federal procurement include:

- The government of Canada's Integrity Regime
- a procurement code of conduct for vendors and bidders that specifically prohibits bribery;
- segregation of duties of employees within the bidding function from solicitation to bid evaluation to contract award and financial administration;
- pre-contract award integrity verification of suppliers;
- implementation of data analytics and link analysis to detect fraud and collusion;
- values and ethics and conflict of interest training for employees; and,
- the Federal Contracting Fraud Tip Line where members of the public can disclose wrongdoing including fraud, collusion or corruption in federal contracting, including wrongdoing associated with corruption related to pandemic procurement (though this is not specifically addressed). The effectiveness of the Tip Line is assessed annually.

<https://www.tpsgc-pwgsc.gc.ca/ci-if/signaler-report-eng.html>

As a response to COVID-19, Public Services and Procurement Canada (PSPC) published an open call to potential suppliers that can supply key goods and services or anything that is not on the list that could prove useful to combat COVID-19. The call was well-publicized and helped find new suppliers to provide goods and services needed (PSPC received more than 26,000 unique submissions, from both Canadian and international businesses): <https://buyandsell.gc.ca/supplying-goods-and-services-in-support-of-canada-s-response-to-covid-19>

The government of Canada created a webpage to provide the latest information on legislative and other measures adopted to protect Canadians in response to the pandemic. <https://justice.gc.ca/eng/csj-sjc/covid.html>

The government of Canada published COVID-19 open data and open information on Canada's open government portal to ensure transparency on governmental decision-making. It includes data on one of the key programs to provide income support for Canadian workers during the pandemic, the Canada Emergency Response Benefit.

[https://search.open.canada.ca/en/od/?sort=score%20desc&page=1&search\\_text=covid&od-search-portal=Open%20Data|Open%20Information&\\_ga=2.109126145.546874354.1597947965-1670622092.1591288823; https://open.canada.ca/data/en/dataset/94906755-1cb9-4c2d-aaa6-bf365f3d4de8](https://search.open.canada.ca/en/od/?sort=score%20desc&page=1&search_text=covid&od-search-portal=Open%20Data|Open%20Information&_ga=2.109126145.546874354.1597947965-1670622092.1591288823; https://open.canada.ca/data/en/dataset/94906755-1cb9-4c2d-aaa6-bf365f3d4de8)

The government of Canada created webpages to inform citizens on cyber-criminal fraud/scam during COVID-19 and on how to protect themselves.

<https://antifraudcentre-centreantifraude.ca/features-vedette/2020/covid-19-eng.htm; https://www.canada.ca/en/revenue-agency/corporate/security/protect-yourself-against-fraud.html>

The government of Canada provided resources to citizens to report suspected tax or benefit cheating (tax evasion).

<https://www.canada.ca/en/revenue-agency/programs/about-canada-revenue-agency-cra/suspected-tax-cheating-in-canada-overview.html>

7. Does your government have any specific legislative / governance procedures in place to allow for timely public procurement in emergency situations? If so, please describe these briefly below. If not, how is emergency public procurement during the Coronavirus pandemic taking place / how did it take place and what anti-corruption measures were adopted?

The Government of Canada has governance procedures in place to allow for timely public procurement in emergency situations.

Canada's Treasury Board has a Contracts Directive that addresses Emergency Contracting Limits. The Directive allows any department or agency to enter into and amend a contract, above normal dollar values, in response to a pressing emergency requirement. The same directive contains an exceptional emergency contracting authority, which allows the Minister of Public Services and Procurement (as a contracting authority) to enter into non-competitive contracts in response to pressing emergencies by departments where there is significant human risk.

Moreover, in order to execute a rapid and effective government response to the COVID-19 pandemic, the emergency contracting limits have been amended to provide increased flexibility to act quickly and procure goods and services necessary to protect the health of Canadians.

Also, PSPC administers and applies the government-wide Integrity Regime to all contracts as per the *Ineligibility and Suspension Policy*. As such, the department undertakes integrity verifications as required, including those related to the Government of Canada's response to the pandemic. The department conducted specific verifications in support of the Government of Canada's efforts related to COVID-19. These verifications involve significant research (legal databases, open sources, corporate searches, etc.) into the company and/or associated individuals, and were considered to be high priority and time sensitive.

The government of Canada has implemented a coordinated response to the public procurement of required equipment and supplies to combat COVID-19. This response includes coordination based on needs identified across provinces, allowing the federal government to order in bulk and ramp up domestic supply to fill any shortages. <https://www.tpsgc-pwgsc.gc.ca/comm/aic-scr/provisions-supplies-eng.html>

The government of Canada also set up a supply council, consisting of a diverse group of non-governmental leaders to provide advice on the procurement of critical goods and services in order to support the government's timely response.

<https://www.tpsgc-pwgsc.gc.ca/comm/aic-scr/ca-sc/index-eng.html>

8. Do any mechanisms exist in your jurisdiction which are specifically-designed to monitor procurement activity during any public emergency, including the current COVID-19 pandemic? Please elaborate.

As described in the response to question 7, Canada's Treasury Board allows contracting authorities to enter into contracts above normal dollar value limits in emergencies. Contracting authorities are required to report back to the Treasury Board Secretariat on such contract within 60 days. In cases where the Minister of PSPC enters into a non-competitive contract, a 60 day reporting requirement applies.

The government of Canada launched a COVID-19 contract information page to provide the public with updates on aggregate procurement, personal protective equipment and supplies and medical laboratory equipment in response to the pandemic. This page lists information of suppliers, type of item purchased and total contract value.

<https://www.tpsgc-pwgsc.gc.ca/comm/aic-scr/contrats-contracts-eng.html>

9. How effective do you believe the domestic anti-corruption controls referenced in questions 6-8 in this section have been, and what have been the main challenges?

The temporary closure of the Federal Contracting Fraud Tip Line call centre. Though the online web form remains an avenue for tipsters to report wrongdoing, potential tipsters may be more likely to submit a tip over the phone as they may feel they have more control over their anonymity. Further, tipsters may provide clearer and more complete responses when the discussion is facilitated by a trained telephone respondent.

#### **Audit of Government of Canada's response to the COVID-19 pandemic**

The Canadian Parliament has asked the Office of the Auditor General of Canada (OAG) to audit the Government of Canada's response to the COVID-19 pandemic. The OAG has been focusing on the government's spending related to health and safety protection, support to individuals and businesses, and other liquidity support and capital relief. The Office is also considering elements of emergency preparedness and early-response actions and expects to be conducting audits related to COVID-19 for many years.

Although the work is progressing, it is worth noting that physical distancing and remote working arrangements present some challenges for the audits. The OAG has seen that it takes more time and effort to work through the audit processes and to access, receive, and exchange information.

The OAG also acknowledged that there is important audit work that will have to be done at a later date. For example, information about the effectiveness of some programs, and corrective actions that the government may take, will only be available for audit in the future.

The Office is also exploring ways to report its findings to Parliament as quickly as possible. At this point, it is likely that it will present specific audit reports to

Parliament when they are completed, rather than take the traditional approach of setting a date for presenting a collection of reports.

10. If possible, please provide an overview of how non-governmental stakeholders (e.g. civil society and the media) have supported oversight efforts to detect fraud and corruption during your country's response to the pandemic. Are there any specific policies and practices your country has in place to facilitate these efforts?

As a member of the Open Government Partnership, the government of Canada established in 2018 a Multi-stakeholder Forum (MSF) to ensure ongoing dialogue with the Canadian civil society on open government. The government of Canada engaged the MSF more frequently and on a deeper level, holding 6 meetings between March and June, with a focus on COVID-19 and open data. One of its members, Lindsey Marchessault, is director at the Open Contracting Partnership and most of the work she does domestically on open contracting is with Public Services and Procurement Canada.

11. Considering your responses to questions 6-10 of this section, which of such measures and processes would you consider good practices to be shared with the G20 ACWG?

We consider the establishment of a tip line for the reporting of corruption, collusion and fraud and the use of link analysis and data visualization to be practices that could be effective in combatting wrongdoing relating to pandemic procurement and disbursements.

Moreover, Canada believes it is important to inform citizens of cyber-criminal fraud/scam risks and give them the resources to report scams and fraud attempts.

12. In your opinion, how can the G20 countries work collectively to address corruption risks arising in connection with the COVID-19 crisis, both with respect to national efforts and international collaboration?

G20 countries could establish a working group to share schemes and mitigation techniques relating to potentially common scenarios of fraud and corruption in pandemic procurement, disbursement of crisis funding, and cyber-crime resulting in fraudulent misdirection of pandemic funds. This could assist G20 countries in prevention and detection efforts and could expedite mitigation efforts should a similar scenario present in more than one G20 nation.

We would also refer the G20 to the resources developed by the Open Government Partnership:

1. [A guide to Open Government and the Coronavirus: public procurement](#)
2. [A guide to Open Government and the Coronavirus: fiscal openness](#)
3. [A guide to Open Government and the Coronavirus: international aid](#)

4. A guide to Open Government and the Coronavirus: open data

5. A guide to Open Government and the Coronavirus: social safety net

A guide to Open Government and the Coronavirus: whistleblower protection and scientific integrity

13. In your opinion, are there any new ways of working in the anti-corruption space which may be necessitated by the impact of COVID-19, in response to short or longer-term trends (e.g., conducting remote court hearings on corruption cases)? Please elaborate.

Court hearings have been conducted remotely – however, with the easing of distancing measures in Canada, a guide has been issued by the Federal Court of Canada to resume in-person operations - <https://www.cas-satj.gc.ca/en/about/Guide-public-version-july172020-Final.pdf>

14. If possible, please outline measures which could be taken in your country to prepare for and safeguard against risks during future crises in terms of the anti-corruption response.

Nil – still being assessed.

15. If possible, from your own perspective, are there any areas of overlap between the ACWG priorities in 2020 and the response to the COVID-19 crisis, or other future crises which you would like to highlight? For example, has ICT been used to enforce anti-corruption controls during the pandemic? Would you consider including mechanisms for emergency responses in your national anti-corruption strategy, if your country has one? Please elaborate.

Nil

## CHINA

### QUESTIONNAIRE FOR THE MEMBERS OF THE G20 ACWG

#### A. Corruption Risks during the COVID-19 Pandemic

1. Has your government assessed domestic or transnational corruption risks arising during the COVID-19 pandemic, either through a formal risk assessment or other informal means? If yes, please provide a summary of this assessment, or key findings (your answer

may include websites or sharing relevant documents such as anti-corruption plans to mitigate corruption risks arising in connection with the COVID-19 crisis).

Yes. China has worked out its anti-corruption work plan related to the COVID-19 pandemic at the very beginning of the crisis, in which relevant corruption risks are assessed. The National Commission of Supervision of People's Republic of China (hereinafter referred as NCS) have issued two guiding documents on the anti-corruption work pertinent to COVID-19 pandemic in February and May respectively, which raise requirements for the anti-corruption organs nationwide to enhance supervision and mitigate corruption risks in specific areas related to the COVID-19 pandemic, such as COVID-19 control, public health infrastructure, care for frontier medical staff working against COVID-19, administrative service for post-COVID-19 economic resumption, economic relief for COVID-19 victims and etc.

2. Has your government undertaken any previous corruption risk assessment which is relevant to activities being conducted, or risks present in the current pandemic situation or other emergency scenarios (e.g. an assessment of corruption risks in the healthcare sector which existed beforehand, assessment on emergency procurement processes, etc.)? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents).

Yes. The timely response of China's anti-corruption agency to the COVID-19 pandemic is based on its rich experience in anti-corruption work in relevant areas. For example, the NCS has internal guidelines in place for corruption risk assessment and control in areas such as work safety, public crisis, poverty relief, health care and so on. The previous work lays down a solid basis for the anti-corruption agency to promptly and properly respond to the sudden outbreak of COVID-19.

3. Please outline the top 3–5 corruption risks your country has identified (both short and longer term) arising in connection with the COVID-19 crisis. Where possible, please indicate whether these risks were present and/or high prior to the onset of the pandemic. When outlining risks, you may consider the following (non-exhaustive) list:

- Corruption and fraud risks in public procurement of medicines, medical supplies or any related goods or services (this may include price gouging, bribery, self-dealing, and any other risks occurring specifically as a result of public procurement rules allowing for expedited delivery of goods/services during the pandemic).
- 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).
- 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.
- Misdirection or exploitation of government funds or other assets (e.g. PPE, ventilation equipment).
- Fraudulent billing to the government or insurance companies for the provision of healthcare services.

- Undue influence and conflicts of interest in healthcare provision and regulation (including drug development and market entry), policy-setting and evaluation.
- Provision of counterfeit medical supplies and / or medication.
- 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.
- Increases in COVID-19 related cyber-criminal fraud.
- Impeded anti-corruption enforcement actions due to the COVID-19 crisis.
- Impeded provision of international cooperation (e.g. mutual legal assistance) due to the COVID-19 crisis.
- Exploiting the disbursement of national economic relief/rescue/stimulus packages, including:
  - Officials soliciting bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Officials being offered, promised or given bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Sexploitation (including sexual exploitation and sextortion) and abuse of vulnerable or marginalized communities in exchange for financial or in-kind support as part of economic/social support services.
  - Schemes such as creating false or non-existent beneficiaries to embezzle stimulus / relief funds.
- Exploiting international financial aid related to COVID-19 or other types of support.
- 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.

1. Misallocation and embezzlement of COVID-19 relief supplies and stimulus funds.
2. Corruption in public health procurement and infrastructure construction.
3. Corruption in the process of administrative examination and approval for business resumption during COVID-19 pandemic.

4. If possible, please provide examples of detected or suspected instances of domestic or transnational corruption or fraud, in line with the key risk areas mentioned in question 3. Please include a summary of the detected or suspected act, and how it was detected. Where such information is sensitive, please provide examples of the type of incident which has occurred.

Several cases of misallocation and embezzlement of COVID-19 relief supplies and stimulus funds are detected and handled.

For example, a local health care management department received a large sum of COVID-19 medical supplies but allocated the supplies in an unfair and unjust way. It was found later that the hospitals had to bribe officials in that department for the relief supplies. The anti-corruption agency investigated into the case and punished officials held accountable. In another case, an official in a poverty relief department in

central China solicited bribes during the distribution of COVID-19 stimulus funds. Only those who gave him the bribe was able to get the subsidy.

5. Are any longer-term trends in corruption risks beginning to emerge as a result of COVID-19 in your country that will need a new or improved anti-corruption approach in the future? Please elaborate on these trends, and the new or improved anti-corruption approach if possible.

China is still in the process of identifying longer-term corruption risks related to COVID-19, as the challenges are novel and changing. One of them may be higher risks of transnational corruption activities as it becomes harder to detect, investigate and punish cross-border corruption due to slow-down of international anti-corruption cooperation.

## B. Anti-Corruption Controls during the Pandemic

6. What are the anti-corruption controls, safeguards, and measures that your government has put in place to address corruption risks identified in section (A)? Please highlight any special measures or procedures that have been introduced during the pandemic (e.g. telephone hotlines to report corruption in the allocation and disbursement of crisis response funds, an interagency cooperation taskforce among anti-corruption authorities, cooperation across international borders, ex-post facto audits of crisis related spending, publishing the beneficial ownership information of companies awarded public contracts, etc.)?

In addition to issue guiding policy on the anti-corruption work related to the COVID-19 Pandemic, the NCS has also taken various measures to ensure integrity in China's efforts to control the disease. Inspection teams are sent to check the COVID-19 control work, with focus on allocation and disbursement of crisis response materials and funds. Routine checks of integrity in governmental services and conducts of public officials are enhanced, especially in areas of poverty relief, administrative examination and approval for business resumption and etc.

7. Does your government have any specific legislative / governance procedures in place to allow for timely public procurement in emergency situations? If so, please describe these briefly below. If not, how is emergency public procurement during the Coronavirus pandemic taking place / how did it take place and what anti-corruption measures were adopted?

Yes. China has laws on public procurement in emergency situations. Article 30 and 85 of the *Law on Government Procurement of People's Republic of China* stipulates special procedures for procurement under emergent circumstances.

Meanwhile, in pertinence to the COVID-19 pandemic, the Ministry of Finance timely issued guiding principles for public procurement during the pandemic, such as the *Notice on Supporting Resumption of Work and Production and Supply of Counter-COVID-19 Medical Materials* ([http://jjs.mof.gov.cn/zhengcefagui/202002/t20200213\\_3469453.htm](http://jjs.mof.gov.cn/zhengcefagui/202002/t20200213_3469453.htm)) and etc., raising explicit requirements on how to facilitate and streamline procurement activities related to the pandemic.

8. Do any mechanisms exist in your jurisdiction which are specifically-designed to monitor procurement activity during any public emergency, including the current COVID-19 pandemic? Please elaborate.

Yes, the monitoring work is conducted in line with the procurement policy related to COVID-19 pandemic. For example, e-procurement is further encouraged both to meet the social distancing requirement and to ensure transparency in the procurement process. Report hotlines are set up to receive relevant complaints from the public, and thus the misconducts would be handled in a timely manner.

9. How effective do you believe the domestic anti-corruption controls referenced in questions 6-8 in this section have been, and what have been the main challenges?

China's practice proves the domestic anti-corruption controls effective, which have contributed to the effective control of the pandemic as well as the overall stability of the post-pandemic period.

10. If possible, please provide an overview of how non-governmental stakeholders (e.g. civil society and the media) have supported oversight efforts to detect fraud and corruption during your country's response to the pandemic. Are there any specific policies and practices your country has in place to facilitate these efforts?

The whole society is encouraged and mobilized to support the anti-corruption efforts related to the COVID-19 pandemic. The public is actively participating in the supervision on pandemic control and relief work. Many clues of fraud and corruption are provided by the public and the media. Trust between the government and the public is strengthened, leading to a benign cycle in the anti-corruption work during the COVID-19 pandemic.

11. Considering your responses to questions 6-10 of this section, which of such measures and processes would you consider good practices to be shared with the G20 ACWG?

1. The Chinese government and Chinese people share the same goal and show strong will to control COVID-19 pandemic, which serves as a solid basis for joining the efforts of all stakeholders in the anti-corruption work related to the pandemic.

2. Prompt response to the new corruption challenges arising from the COVID-19 pandemic is needed. China responded to the crisis and provided necessary guidance to the anti-corruption work from various perspectives, including procurement monitoring, in a timely manner.
3. Timely management, investigation and publication of corruption cases related to procurement during the COVID-19 pandemic helps to deter potential violations and build public confidence in the government.

12. In your opinion, how can the G20 countries work collectively to address corruption risks arising in connection with the COVID-19 crisis, both with respect to national efforts and international collaboration?

1. G20 countries shall reiterate and showcase to the international community, through G20 leaders' communiqus and other deliverable, our determination and will to maintain strong international anti-corruption cooperation despite the pandemic.
2. Online law enforcement cooperation platforms shall be established and utilized for communication and exchanges among anti-corruption law enforcers.
3. Experience sharing and capacity building programs shall be provided.

13. In your opinion, are there any new ways of working in the anti-corruption space which may be necessitated by the impact of COVID-19, in response to short or longer-term trends (e.g., conducting remote court hearings on corruption cases)? Please elaborate.

Online communication shall be further enhanced to maintain international cooperation on corruption prevention and investigation. Measures include setting up secured communication platforms for information exchanges, admitting the validity of witness testimony taken by virtual means, conducting remote court hearings on corruption cases and etc.

14. If possible, please outline measures which could be taken in your country to prepare for and safeguard against risks during future crises in terms of the anti-corruption response.

First, mechanism for anti-corruption response to crises shall be further improved.

Second, sector-specific corruption risks shall be analyzed and relevant measures be identified, which can be referred to when crises took place in that sector.

Third, mechanism of inspection tours shall be further utilized so as to detect and fix corruption loopholes in a timely manner.

15. If possible, from your own perspective, are there any areas of overlap between the ACWG priorities in 2020 and the response to the COVID-19 crisis, or other future crises which you would like to highlight? For example, has ICT been used to enforce anti-corruption controls during the pandemic? Would you consider including mechanisms for emergency

responses in your national anti-corruption strategy, if your country has one? Please elaborate.

Yes, there are areas of overlap between the ACWG priorities in 2020 and the response to the COVID-19 crisis. For example, national anti-corruption strategy proves necessary for effective pandemic control and relief, and ICT (information and communication technology) has been well used in both domestic anti-corruption efforts and international anti-corruption cooperation during the pandemic.

Mechanisms for emergency responses already exist in our national anti-corruption strategy. Whenever there is an emergency, the anti-corruption agency at national or local level is able to respond immediately and work out supervision work plan accordingly.

## Supplementary Material of China's Practice in the Fight against Corruption during the CV-19 Pandemic

Poverty reduction is one of China's top priorities to realize the UN 2030 Agenda for Sustainable Development. Therefore, during the COVID-19 pandemic, China attaches great importance to the supervisory work over poverty reduction programs, as the work is prone to be affected by the pandemic control policies and the group of people who are poverty-stricken are more vulnerable to corruption.

China has made tangible achievements in its fight against poverty. The number of people living in poverty has dropped from 98.99 million at the end of 2012 to 5.51 million by the end of 2019, and the incidence of poverty has dropped from 10.2 percent to 0.6 percent. Overall and regional poverty is almost eliminated. China will achieve the goal of poverty reduction outlined in the UN 2030 Agenda for Sustainable Development a decade ahead of schedule.

The year 2020 is the last year of China's battle against poverty, and it has saw the outbreak of the COVID-19. It becomes difficult to consolidate the achievements of poverty alleviation, since some poor people see fewer opportunities to earn a living. The workload of poverty alleviation is even heavier. The Chinese government, while accustomed to regular epidemic prevention and control, has put its focus on the decisive battle against poverty and strengthened supervision on the implementation of relevant policies and measures. All localities and departments have made it their top priority to address the most urgent, difficult and painful issues with which the public are mostly concerned. China has set up tailored anti-corruption task-force to supervise poverty reduction programs. Especially against the COVID-19 pandemic, China has taken various measures to ensure transparency in the management and allocation of poverty alleviation fund. For example, the use of poverty alleviation fund is publicized online to receive public scrutiny. Electronic ID system is established and widely applied to ensure the relief fund goes to its rightful owners. Special inspections are conducted regularly to detect fraud and corruption in poverty reduction programs. Where embezzlement, payroll fraud, bribery or fund misappropriation is discovered, the cases will be handled as priority cases and the relevant public officials severely punished in accordance with law.

**EU:**

**FRANCE**

## Questionnaire for the members of the G20 ACWG

### A. Corruption Risks during the COVID-19 Pandemic

1. Has your government assessed domestic or transnational corruption risks arising during the COVID-19 pandemic, either through a formal risk assessment or other informal means? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents such as anti-corruption plans to mitigate corruption risks arising in connection with the COVID-19 crisis).

An assessment of the threats and vulnerabilities linked to the pandemic in matters of economic crimes and money laundering was carried out by a multiservice taskforce between April and June 2020. Based on the context of the pandemic at national level and its transnational impacts, the assessment focused on the main threats and vulnerabilities (most of the risks listed above in question 3 have been taken into account). The risk has been assessment accordingly (low/moderate/high). The conclusions of this assessment were that specific new threats had risen mainly with frauds, and that corruption risks were not significantly heightened at national level.

In addition, the French Anti-Corruption Agency (AFA) closely monitored the reports published by international organizations, such as the OECD, the Council of Europe's Group of States against Corruption (GRECO), and the UNODC, and took their findings into consideration when implementing its activities.

2. Has your government undertaken any previous corruption risk assessment which is relevant to activities being conducted, or risks present in the current pandemic situation or other emergency scenarios (e.g. an assessment of corruption risks in the healthcare sector which existed beforehand, assessment on emergency procurement processes, etc.)? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents).

It can be highlighted that a vast array of public organizations in France (ministries, local authorities, government-funded bodies, etc.), as well as numerous companies, are legally required to undertake corruption risk assessments covering their specific activities, and to implement tailored anti-corruption programs to address the identified risks. The quality and efficiency of such programs are audited by the French Anti-Corruption Agency (AFA). These mandatory anti-corruption standards contribute to promoting a culture of compliance in both the public and the private sectors, and to strengthening public and private entities' resilience to corruption risks, which can be particularly valuable in a context of crisis. With effective measures to prevent and

detect corruption already in place, public and private entities may be more prepared to face the integrity challenges related to the pandemic.

Moreover, the AFA conducted a study on corruption prevention in the local public sector in 2018: <https://www.agence-francaise-anticorruption.gouv.fr/files/2019-07/EN%20Survey%20local%20government%20antibribery%20policy.pdf>

This study showed that anti-corruption standards were not adequately disseminated in local governments. Therefore, the AFA provided special support and guidance to local entities. These previous actions might be relevant in the current context, as local governments are deeply involved in the fight against COVID-19.

3. Please outline the top 3–5 corruption risks your country has identified (both short and longer term) arising in connection with the COVID-19 crisis. Where possible, please indicate whether these risks were present and/or high prior to the onset of the pandemic. When outlining risks, you may consider the following (non-exhaustive) list:

- Corruption and fraud risks in public procurement of medicines, medical supplies or any related goods or services (this may include price gouging, bribery, self-dealing, and any other risks occurring specifically as a result of public procurement rules allowing for expedited delivery of goods/services during the pandemic).
- 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).
- 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.
- Misdirection or exploitation of government funds or other assets (e.g. PPE, ventilation equipment).
- Fraudulent billing to the government or insurance companies for the provision of healthcare services.
- Undue influence and conflicts of interest in healthcare provision and regulation (including drug development and market entry), policy-setting and evaluation.
- Provision of counterfeit medical supplies and / or medication.
- 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.
- Increases in COVID-19 related cyber-criminal fraud.
- Impeded anti-corruption enforcement actions due to the COVID-19 crisis.
- Impeded provision of international cooperation (e.g. mutual legal assistance) due to the COVID-19 crisis.
- Exploiting the disbursement of national economic relief/rescue/stimulus packages, including:
  - Officials soliciting bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.

- Officials being offered, promised or given bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
- Sexploitation (including sexual exploitation and sextortion) and abuse of vulnerable or marginalized communities in exchange for financial or in-kind support as part of economic/social support services.
- Schemes such as creating false or non-existent beneficiaries to embezzle stimulus / relief funds.
- Exploiting international financial aid related to COVID-19 or other types of support.
- 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.

The work carried out jointly by the ministries of justice, police, labor and economy, revealed the emergence of financial crime linked to the health crisis. In addition to the risks of money laundering linked to the potential investments of criminal groups in companies with solvency difficulties due to the economic context, major frauds were identified in connection with economic stimulus / relief funds, and false investments and transfer orders, particularly in the context of the purchase of equipment related to the health crisis.

To support struggling companies and employees, the French government has set up partial unemployment benefits with a streamlined access to funds. Since mid-May, fraud-related suspicious transaction reports (STRs) related to this governmental scheme have been identified (simple frauds as well as more complex mechanisms). Concerning predicate offences, the French authorities, including the financial intelligence unit, observe continued non-compliant sales and purchasing of unauthorised/unlicensed equipment by companies not specialised in the medical sector. These type of transactions raise significant risks of non-conformity in terms of quality price and regulatory compliance.

The French authorities have also witnessed that criminals have continued taking advantage of the high demand for medical supplies to achieve fake sales of masks, hydro-alcoholic gels and life supports. They pretend to be manufacturers and suppliers of medical equipment and adapt their sales pitches with false invoices. Once the purchasers have paid the invoice, the funds are quickly transferred to the fraudsters' personal accounts while the ordered products are never delivered.

Scams through false transfer orders, while representing a classic pattern, have been applied to the medical/health equipment industry. Criminals interfere in the orders placed between the suppliers by providing transaction instructions, and new banking details, through an e-mail account closely resembling the supplier's address.

Fraud in the call for donation has also been observed, criminals taking advantage of the health crisis to distort public authority identification elements to ask for aid and donations from companies and individuals. Phishing strategies allow fraudsters to divert funds solicited through domain names evoking public administrations.

Lastly, fraud by misappropriation of the state guaranteed loan scheme has been observed, in which stable companies apply for this loan. This observation highlights the risks of misuse of public aid set up by the government in the context of the crisis.

4. If possible, please provide examples of detected or suspected instances of domestic or transnational corruption or fraud, in line with the key risk areas mentioned in question 3. Please include a summary of the detected or suspected act, and how it was detected. Where such information is sensitive, please provide examples of the type of incident which has occurred.

The deployment by the State of large-scale support mechanisms for the economy, in the form of direct aid, reductions in charges or taxes and loans guaranteed by the State, combined with a reduction in controls intended to speed up the award procedures, favored the commission of direct or indirect frauds to public finances.

This was especially the case with the partial activity compensation scheme, massively deployed by the public authorities to support employment during the health crisis. Between March 1 and May 11, 2020, 12.4 million employees were covered by a request for prior authorization for partial activity, with a cost to public finances estimated at 24 billion euros.

In this regard, the easing of a priori checks relating to partial activity requests and compensation claims has encouraged the development of fraud aimed at unduly obtaining the partial activity allowance.

In addition to fraud committed by companies carrying out a real economic activity, fraudulent claims for compensation have been noted thanks to:

- the usurpation of the identity of existing companies, based on the use of their corporate names and ID code, or
- the creation of ephemeral companies or the reactivation of "dormant" companies, devoid of any real economic activity and / or deleted from the RCS (French companies register).

There has also been a sharp increase in scams, linked to the acquisition of protective equipment and the upheavals caused by the Covid-19 health crisis.

Widely used scams consist mainly in:

- deceiving interlocutors from the accounting or purchasing departments, pretending to be a manager of the company or group that employs them, so that they execute false transfer orders;
- deceiving the victims by pretending to be a supplier of equipment whose identity has been stolen;
- within the framework of pre-existing commercial relations, pretending a change of bank identity statement by usurping the identity of a usual supplier.

These scams can involve very large amounts, up to several million euros. These procedures are, moreover, often the work of criminal groups targeting several victims scattered throughout the country.

### **Case 1**

Company A, a temporary employment agency, made a transfer of 35 k€ to the personal account of Mr. X, presenting itself as an intermediary, for the purchase of protective masks in the context of the COVID-19 pandemic. According to Mr. X, this operation corresponds to the payment of the deposit for an order of masks for a total amount of 79 k€ made by company A. However, there is no financial transaction on his account that justifies the purchase of medical equipment from a supplier. All of the funds corresponding to the order placed by the company A were transferred to the personal account of a third party, Mr. Y, manager of two companies specializing in the selling of automobile equipment. Mr. Y retroceded part of the sum to Mr. X (15 k€) after having invested most of the funds in his savings accounts. Mr. X probably never acquired the masks ordered by company A.

### **Case 2**

In two months of existence, the company A, specialized in building and public works sector and created in March 2020, receives on its' account more than 500 k€ coming from several French companies acting in the same sector in spite of an unfavorable economic context for such a volume of business. The funds are partly used for orders from foreign mobile phone sales companies and for the purchase of masks and hydro-alcoholic gels from another European company for an amount of 300 k€. The youthfulness of the company, its intensive activity despite the current economic situation, and the transactions realized in sectors that are not relevant to its' corporate purpose lead to a suspicion of a piling up phase in a concealed labour laundering scheme.

5. Are any longer-term trends in corruption risks beginning to emerge as a result of COVID-19 in your country that will need a new or improved anti-corruption approach in the future? Please elaborate on these trends, and the new or improved anti-corruption approach if possible.

It seems quite early to assess longer-term trends in corruption risks as a result of COVID-19. Nevertheless, it can be observed that, in a context of unprecedented economic crisis, there is the risk that sufficient resources will not be allocated to anti-corruption activities if those are properly considered as priorities.

## **B. Anti-Corruption Controls during the Pandemic**

6. What are the anti-corruption controls, safeguards, and measures that your government has put in place to address corruption risks identified in section (A)? Please highlight any special measures or procedures that have been introduced during the pandemic (e.g. telephone hotlines to report corruption in the allocation and disbursement of crisis response funds, an interagency cooperation taskforce among anti-corruption authorities, cooperation across international borders, ex-post facto audits of crisis related spending,

publishing the beneficial ownership information of companies awarded public contracts, etc.)?

The French Anti-Corruption Agency (AFA) has continued its controls of anti-corruption compliance programs during the pandemic, despite the lockdown, thanks to the use of digital tools.

To keep controlled entities and the general public informed, the AFA has issued a special communication on the adaptation of its controls in the beginning of the outbreak: <https://www.agence-francaise-anticorruption.gouv.fr/fr/covid-19-adaptation-des-operations-controle>

Furthermore, the AFA has published, in partnership with the Directorate for Central Government Procurement, a practical guide on controlling corruption risks in the public procurement cycle: <https://www.agence-francaise-anticorruption.gouv.fr/fr/maitriser-risque-corruption-dans-cycle-lachat-public-guide-pour-accompagner-tous-acteurs>

The AFA conducted several anti-corruption training and awareness-raising online activities during the pandemic. In particular, it has launched a new session of its massive open online course (MOOC) on corruption prevention in the local public sector: <https://www.agence-francaise-anticorruption.gouv.fr/fr/nouvelle-diffusion-mooc-corruptionfavoritisme-detournement-comment-prevenir-dans-gestion-locale>

Developed in partnership with the National Centre for Local Civil Service (CNFPT), this MOOC is tailored to tackle the specific corruption risks of the local public sector. It is based on diverse tools and resources, such as videos, animated clips, case studies, interviews, bibliographies, quizzes, etc. After the end of the course, registered participants retain free access to all learning materials, which they can reuse for raising awareness and delivering in-house anti-corruption training in their organizations. The MOOC was attended by more than 18,000 participants since 2018, in France and abroad.

Besides, under the current presidency of the AFA, the Network of Corruption Prevention Authorities ([NCPA](#)) released a statement on the role of corruption prevention in the global response to COVID-19. The statement underlines that preventive measures need to be fully integrated into decision-making processes and operations related to the health crisis in order to mitigate corruption risks. The message, which contributed to calling attention to the importance of corruption prevention amid the pandemic, is available in [English](#), [French](#) and [Arabic](#).

As to the mitigation of fraud risks highlighted in section A, several actions have been taken:

- Publication of warnings for companies and individuals by the relevant ministries (justice, police, labor, economy, health...), and by the French financial investigation unit (TRACFIN)
- Guidelines for identifying, preventing and pursuing frauds for the administrative services concerned.

7. Does your government have any specific legislative / governance procedures in place to allow for timely public procurement in emergency situations? If so, please describe these briefly below. If not, how is emergency public procurement during the Coronavirus pandemic taking place / how did it take place and what anti-corruption measures were adopted?

Based on article 11 of the emergency law to deal with the covid-19 pandemic, the French government issued a specific ordinance in March 2020 by which it temporarily adapts the public procurement in order to enable contracting authorities and companies to face the difficulties they encounter in the procurement and execution of these contracts.

In fact, contracting authorities can adapt the current procedures by extending the deadlines for receiving applications and offers from companies and by modifying the requirements of the consultation rules when the implementation is made impossible by confinement (site visits, face-to-face negotiations, electronic signature ...).

They can also extend contracts that expire, beyond the maximum duration if necessary, to take into account the fact that a re-competition procedure cannot be organized due to the pandemic.

More specifically, the common law on public procurements currently in force offers several possibilities for buyers to quickly award public procurements in case of emergency, in particular:

- If the satisfaction of a need is urgent, buyers can apply shorter advertising deadlines within the framework of a competitive tendering procedure;
- They can also implement a procedure without publicity or prior competition foreseen if the urgency is such that the satisfaction of their need is incompatible with these shortened deadlines.

Regarding public procurement in particular, the ordinance during the health crisis allowed buyers to adapt procurement procedures through the following measures:

- The extension of deadlines for receipt candidacies and offers for a sufficient period of time to allow economic operators to submit their candidacies or offers;
- The adaptation of the competitive procedures provided for in the consultation documents in accordance with the principle of equality when the circumstances of the health crisis were an obstacle to their implementation (implementation of dematerialized processes in negotiations, for example);
- The extension by amendment of public procurements which expire during the crisis period beyond the duration of the contract or the legal duration in the case of framework agreements, when the organization of a new procedure could not be implemented without exceeding the crisis period increased by the time necessary to restart a procedure;
- The creation of an exemption from the prior consultation of the tender commission for amendments to public procurements of more than 5%.

These measures applied to public procurements in progress or concluded until July 23, 2020 inclusive in accordance with the ordinance of May 13, 2020.

In addition, no specific anti-corruption measures have been put in place for these contracts, but the obligations of transparency of procedures constitute in particular an effective safeguard.

8. Do any mechanisms exist in your jurisdiction which are specifically-designed to monitor procurement activity during any public emergency, including the current COVID-19 pandemic? Please elaborate.

No specific mechanism for monitoring public procurements activities was put in place by France during the state of health emergency resulting from the covid-19 epidemic.

9. How effective do you believe the domestic anti-corruption controls referenced in questions 6-8 in this section have been, and what have been the main challenges?

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10. If possible, please provide an overview of how non-governmental stakeholders (e.g. civil society and the media) have supported oversight efforts to detect fraud and corruption during your country's response to the pandemic. Are there any specific policies and practices your country has in place to facilitate these efforts?

The French Anti-Corruption Agency regularly meets with non-governmental stakeholders, organizes public consultations, and promotes multi-stakeholder cooperation.

11. Considering your responses to questions 6-10 of this section, which of such measures and processes would you consider good practices to be shared with the G20 ACWG?

We consider the following measures as good practices to be shared with the G20 ACWG:

- The publication of a practical guide on controlling corruption risks in the public procurement cycle;
- The development of online training courses on corruption prevention as a way to foster a common culture of integrity while respecting social distancing measures;
- The continuous promotion of international cooperation, despite closed borders and travel restrictions, through the work of the Network of Corruption Prevention Authorities (NCPA) and its advocacy in favor of corruption prevention during the pandemic.

In order to support an increased awareness of financial and non-financial reporting entities towards the risk of COVID-19 related frauds, the French FIU has drafted and published a typological analysis of its main findings. This document, made available online, details the various cases identified, highlights red flags useful in the identification of fraudulent transactions and calls for a heightened vigilance by private actors. This document also identifies the anti-fraud unit set up by the Ministry of Finance in April 2020 to monitor the quality of suppliers to local authorities and public establishments.

For additional information, follow the link :

[https://www.economie.gouv.fr/files/files/directions\\_services/tracfin/ML-TF\\_Covid19\\_EN.pdf](https://www.economie.gouv.fr/files/files/directions_services/tracfin/ML-TF_Covid19_EN.pdf)

12. In your opinion, how can the G20 countries work collectively to address corruption risks arising in connection with the COVID-19 crisis, both with respect to national efforts and international collaboration?

At all time, including against the backdrop of the COVID-19 pandemic, it is key to continue our efforts towards a broader adoption of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and we should continue to foster links between the G20 and OECD on this very important issue.

13. In your opinion, are there any new ways of working in the anti-corruption space which may be necessitated by the impact of COVID-19, in response to short or longer-term trends (e.g., conducting remote court hearings on corruption cases)? Please elaborate.

Not necessarily.

The fight against corruption requires a continuous action, both on the prevention and the enforcement fronts, and its collective endorsement, especially through the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

14. If possible, please outline measures which could be taken in your country to prepare for and safeguard against risks during future crises in terms of the anti-corruption response.

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15. If possible, from your own perspective, are there any areas of overlap between the ACWG priorities in 2020 and the response to the COVID-19 crisis, or other future crises which you would like to highlight? For example, has ICT been used to enforce anti-corruption controls during the pandemic? Would you consider including mechanisms for emergency

responses in your national anti-corruption strategy, if your country has one? Please elaborate.

It is too early to draw conclusions about the effectiveness of measures taken less than six month ago.

## GERMANY

### Questionnaire for the members of the G20 ACWG

#### A. Corruption Risks during the COVID-19 Pandemic

1. Has your government assessed domestic or transnational corruption risks arising during the COVID-19 pandemic, either through a formal risk assessment or other informal means? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents such as anti-corruption plans to mitigate corruption risks arising in connection with the COVID-19 crisis).

The Federal Government Directive concerning the prevention of corruption in the Federal Administration stipulates, amongst other organisational matters such as the principle of greater scrutiny (multiple eyes principle), to identify and analyse areas of activity especially vulnerable to corruption. The manual accompanying the directive mentions key criteria for such area, i.a.

- Staff's influence on decision-making may lead to advantages of significant value to other parties,
- the management of large budgets, awarding of public contracts, subsidies, grants or other funds.

This assessment has to be done regularly and the results were also valid during the COVID-19 pandemic. Results of the assessment will be published in the respective report to the parliament (to be finalized end of 2021 for the reporting year 2020).

2. Has your government undertaken any previous corruption risk assessment which is relevant to activities being conducted, or risks present in the current pandemic situation or other emergency scenarios (e.g. an assessment of corruption risks in the healthcare sector which existed beforehand, assessment on emergency procurement processes, etc.)? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents).

On the general measures see answer to Q1.

3. Please outline the top 3–5 corruption risks your country has identified (both short and longer term) arising in connection with the COVID-19 crisis. Where possible, please indicate whether these risks were present and/or high prior to the onset of the pandemic. When outlining risks, you may consider the following (non-exhaustive) list:

- Corruption and fraud risks in public procurement of medicines, medical supplies or any related goods or services (this may include price gouging, bribery, self-dealing, and any other risks occurring specifically as a result of public procurement rules allowing for expedited delivery of goods/services during the pandemic).
- 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).
- 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.
- Misdirection or exploitation of government funds or other assets (e.g. PPE, ventilation equipment).
- Fraudulent billing to the government or insurance companies for the provision of healthcare services.
- Undue influence and conflicts of interest in healthcare provision and regulation (including drug development and market entry), policy-setting and evaluation.
- Provision of counterfeit medical supplies and / or medication.
- 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.
- Increases in COVID-19 related cyber-criminal fraud.
- Impeded anti-corruption enforcement actions due to the COVID-19 crisis.
- Impeded provision of international cooperation (e.g. mutual legal assistance) due to the COVID-19 crisis.
- Exploiting the disbursement of national economic relief/rescue/stimulus packages, including:
  - Officials soliciting bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Officials being offered, promised or given bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Sexploitation (including sexual exploitation and sextortion) and abuse of vulnerable or marginalized communities in exchange for financial or in-kind support as part of economic/social support services.
  - Schemes such as creating false or non-existent beneficiaries to embezzle stimulus / relief funds.
- Exploiting international financial aid related to COVID-19 or other types of support.
- 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.

Generally, we do not see an increased risk of “Misdirection or exploitation of government funds or other assets” due to the Covid-19 pandemic: For example, decisions by the Economic Stabilisation Fund are always prepared and executed by more than one person („four-eyes-principle“). Moreover, the public administration is controlled by a system of internal revision.

Regarding the question whether the number of corruption-related criminal offences has increased due to the pandemic, reliable analyses could only be conducted using the Police Crime Statistics of Germany (PCS). These statistics are compiled based on the individual data sets at the “Länder” Criminal Police Offices (LKÄ) and at the Bundeskriminalamt (BKA, Federal Criminal Police Office). But none of the recorded data is “flagged” with “Covid-19” and such data are only provided annually – usually in springtime of the following year. International cooperation in criminal matters is hampered by the pandemic i.e. because extraditions of accused persons or investigative measures have to be pushed back. But compared to the corruption risks listed above, the obstacles to international cooperation do not form part of the top 3-5 corruption risks in Germany.

Also with regard to international financial aid, there is still insufficient data for providing a well-informed overview on trends and corruption risks related to COVID-19 in international aid. Nonetheless, Germany in line with other international partners suspects that international cooperation projects might be exposed to higher fraud/corruption risks, e.g. in decentralized project structures, partner institutions and entities receiving financial support. This is due to the complex and dynamically changing environment combined with some procurement and oversight mechanisms being simplified (i.e. internal controls, audits) or currently being impossible (site/partner visits, project on-the-spot checks) due to Covid-19 restrictions. Organizations implementing aid do experience pressure to deliver on political commitments, while at the same being challenged by local conditions, affecting negatively the oversight effectiveness, e.g. lock-downs and movement restrictions, tele-commuting in the absence of reliable power/electricity supply, absence of/repatriated project managers, insufficient health care for staff/family members.

4. If possible, please provide examples of detected or suspected instances of domestic or transnational corruption or fraud, in line with the key risk areas mentioned in question 3. Please include a summary of the detected or suspected act, and how it was detected. Where such information is sensitive, please provide examples of the type of incident which has occurred.

5. Are any longer-term trends in corruption risks beginning to emerge as a result of COVID-19 in your country that will need a new or improved anti-corruption approach in the future? Please elaborate on these trends, and the new or improved anti-corruption approach if possible.

## B. Anti-Corruption Controls during the Pandemic

6. What are the anti-corruption controls, safeguards, and measures that your government has put in place to address corruption risks identified in section (A)? Please highlight any special measures or procedures that have been introduced during the pandemic (e.g. telephone hotlines to report corruption in the allocation and disbursement of crisis response funds, an interagency cooperation taskforce among anti-corruption authorities, cooperation across international borders, ex-post facto audits of crisis related spending, publishing the beneficial ownership information of companies awarded public contracts, etc.)?

The Ministry for Economic Affairs and Energy ensures that appropriate measures to prevent fraud in the allocation of emergency funds are in place. Funds to support business (small and medium-sized but also larger businesses) are distributed via the federal states („Länder“). The support programs are however coordinated on the federal level. The federal states have to inform the Federal Ministry for Economic Affairs and Energy about the measures established to prevent fraud within the process regulating the application for support funds.

Such prevention may comprise different measures such as in-depth evaluations and audits, multi-step evaluation and approval procedures, the implementation of the four-eyes-principle as well as data matching with i.e. registers and information from financial authorities. In case suspicions arise, an in-depth evaluation is initiated. The responsible authorities closely cooperate with investigating authorities, such as the police (also federal) and the public prosecutor's offices.

The above-mentioned measures are mainly designed to prevent the misallocation of funds as well as cases of fraud. However, these measures are also suited to prevent cases of corruption (for example “four-eyes-principle”).

The organisational measures and safeguards stipulated in the Federal Government Directive concerning the Prevention of Corruption in the Federal Administration as well as the Conflict of Interest rule stipulated in the Regulation on the Award of Public Contracts are applied without exception also during the COVID-19 Crisis. Offers from companies for donations to the government (i.a. offers for free trial versions of video communication systems) were handled in accordance with the General Administrative Regulation on Sponsoring.

7. Does your government have any specific legislative / governance procedures in place to allow for timely public procurement in emergency situations? If so, please describe these briefly below. If not, how is emergency public procurement during the Coronavirus

pandemic taking place / how did it take place and what anti-corruption measures were adopted?

On July 8, 2020 the German Federal Government adopted binding guidelines for the federal administration for the award of public contracts to temporarily accelerate investment measures and facilitate procurement procedures to deal with the economic consequences of the COVID-19 pandemic. These measures mainly concern public procurement below the EU thresholds.

([BMW&i.de/Redaktion/DE/Downloads/H/handlungsleitlinien-vergr-corona.pdf](https://www.bmwi.de/Redaktion/DE/Downloads/H/handlungsleitlinien-vergr-corona.pdf)).

They came into force on July 14, 2020 and will expire on December 31, 2021. As anticorruption measures, the guidelines dictate that the principles of competition, transparency, cost effectiveness remain unaffected and that the guidelines of the federal government on corruption prevention in the federal administration must be observed. For the reason of transparency awards are to be published on the federal internet portal.

8. Do any mechanisms exist in your jurisdiction which are specifically-designed to monitor procurement activity during any public emergency, including the current COVID-19 pandemic? Please elaborate.

The remedy system in the field of public procurement applies in any situation comprising the case of public emergency.

9. How effective do you believe the domestic anti-corruption controls referenced in questions 6-8 in this section have been, and what have been the main challenges?

It is too early to evaluate the effectiveness of such measures. However, at the federal level, no cases of possible corruption regarding the allocation of emergency funds are known. All pre-existing rules and regulations on corruptions prevention mentioned in the above answers are well established and have proven their value.

10. If possible, please provide an overview of how non-governmental stakeholders (e.g. civil society and the media) have supported oversight efforts to detect fraud and corruption during your country's response to the pandemic. Are there any specific policies and practices your country has in place to facilitate these efforts?

There are no specific policies or practices in place. Stakeholders can use the general and effective channels to provide information on possible cases of corruption.

Civil society and media closely monitored the situation during the COVID-19 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.

11. Considering your responses to questions 6-10 of this section, which of such measures and processes would you consider good practices to be shared with the G20 ACWG?

12. In your opinion, how can the G20 countries work collectively to address corruption risks arising in connection with the COVID-19 crisis, both with respect to national efforts and international collaboration?

In the area of international aid, G20 countries can work together by improving their donor response coordination in particular at country-level. This can help to avoid duplications, achieve a more impactful allocation of financial and technical support, and address some corruption risks in connection with COVID-19.

G20 countries can intensify the political dialogue with aid recipients on the importance of anti-corruption measures and coordinate joint responses in actual cases of corruption (see OECDs guidelines to rapid response to corruption, attached).

In addition, G20 countries could follow the identified best practices, share future challenges and ensure, in the delivery of aid, the highest degree of inclusiveness, i.e. by involving non-state actors such as civil society where possible. Among others, this could include collaboration and knowledge sharing in the field of remote management, remote monitoring and control mechanisms or the disposal of tools driving digitalization.

Where bilateral cooperation structures are affected by the crisis, G20 members could make use of multilateral delivery structures which can provide additional coordination and oversight, with emergency working methods in the delivery of aid/relief often being readily available.

13. In your opinion, are there any new ways of working in the anti-corruption space which may be necessitated by the impact of COVID-19, in response to short or longer-term trends (e.g., conducting remote court hearings on corruption cases)? Please elaborate.

14. If possible, please outline measures which could be taken in your country to prepare for and safeguard against risks during future crises in terms of the anti-corruption response.

15. If possible, from your own perspective, are there any areas of overlap between the ACWG priorities in 2020 and the response to the COVID-19 crisis, or other future crises which you would like to highlight? For example, has ICT been used to enforce anti-corruption controls during the pandemic? Would you consider including mechanisms for emergency responses in your national anti-corruption strategy, if your country has one? Please elaborate.

In the support to development cooperation partners, Germany observes that complex decisions in a dynamically changing environment have to be taken. It is of concern that far reaching emergency powers can undermine long-term attempts to strengthen inclusive good governance and anti-corruption efforts.

**Information and communication technologies (ICTs)** can play an important role by providing a basis for decision-making, for instance in public spending and procurement but also in terms of political participation by and information for people living in the respective country. Germany supports the development of platforms promoting transparency on beneficial ownership, and contracting and procurement data in partner countries.

In development cooperation, Germany supports the **inclusion of civil society** in public procurement processes to increase **public sector integrity** – an ACWG 2020 priority. By providing civil society access to public procurement data, it can identify inconsistencies in public procurement, so that stakeholders can be held accountable. Particularly in times of crises, it is thus necessary to **strengthen civil society**, and to enable them continuation of their work.

## INDIA

### Questionnaire for the members of the G20 ACWG

#### A. Corruption Risks during the COVID-19 Pandemic

1. Has your government assessed domestic or transnational corruption risks arising during the COVID-19 pandemic, either through a formal risk assessment or other informal means? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents such as anti-corruption plans to mitigate corruption risks arising in connection with the COVID-19 crisis).

The Government of India and the various State Governments have from time to time issued advisories to raise awareness in anticipation against the issues arising in COVID-19:

- The Government made public announcement with respect to artificial price rise of medical equipment and drugs and regulated the same by capping their prices. For instance, on March 20, the Ministry of Consumer Affairs, Food and Public

Distribution in the Government of India (GoI) capped retail prices of masks and hand sanitizers.

- The Government created awareness among financial institutions and public at large for shifting from cash payments to digital payments. In fact, during the lockdown period, over 42% Indians have used digital payment mode multiple times as compared to the pre lockdown period. Also, Direct Benefit Transfer (DBT) schemes are being used to transfer cash to the beneficiaries. According to the latest government data, Rs 34,800 crore financial assistance using digital payment infrastructure were provided to about 39 crore beneficiaries.

The Governments in various States have capped the prices of COVID 19 diagnostic tests e.g. RT-PCR, Antigen Test and as well as hospitalization charges in connection with COVID-19 treatment.

- The Government issued advisories against any misuse of Grant made for the purpose of COVID-19.
- To avoid profiteering to anyone by the way of spreading fake news, the Government of India also constituted a Covid-19 Fact Check Unit (FCU) in the Press Information Bureau (PIB).

2. Has your government undertaken any previous corruption risk assessment which is relevant to activities being conducted, or risks present in the current pandemic situation or other emergency scenarios (e.g. an assessment of corruption risks in the healthcare sector which existed beforehand, assessment on emergency procurement processes, etc.)? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents).

- Procurement-related corruption instances have increased in India. For example, Director, Health Services in State 'A' was arrested on charges of seeking bribe in PPE kits procurement. In another example, allegations of corruption were leveled against a Metropolitan's Civic agency for procuring 'body bags' and medical equipment on inflated prices to which investigations have been ordered
- As regards provision of counterfeit medical supplies and / or medication: A nationwide Drug survey conducted in 2014-16 showed that around 3% medicines marketed in India were substandard, while around 0.023% were either spurious or counterfeit.
- The Drugs Technical Advisory Board has approved a "trace and track" mechanism on May 16, 2020 wherein a 14-digit number will be printed on the labels of medicines of the top 300 pharmaceutical brands and Patients purchasing these medicines can message this 14-digit number using an SMS or a WhatsApp message.
- A stimulus package of approximately two hundred and sixty-five billion USD focusing on land, labor, liquidity laws, sectors as cottage industries, MSMEs, the

working class, middle class and industry was released by the Government of India. The link of the details is provided as below:

<https://pib.gov.in/PressReleseDetailm.aspx?PRID=1624649>

- Some complaints have been received about misuse of reliefs provided by Government agencies. For instance, a clerk was arrested on June 13 in Thane district of Maharashtra (India) by the state Anti-Corruption Bureau (ACB) for allegedly accepting INR 5000 to clear 'disinfection bills' of a contractor.

3. Please outline the top 3–5 corruption risks your country has identified (both short and longer term) arising in connection with the COVID-19 crisis. Where possible, please indicate whether these risks were present and/or high prior to the onset of the pandemic. When outlining risks, you may consider the following (non-exhaustive) list:

- Corruption and fraud risks in public procurement of medicines, medical supplies or any related goods or services (this may include price gouging, bribery, self-dealing, and any other risks occurring specifically as a result of public procurement rules allowing for expedited delivery of goods/services during the pandemic).
- 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).
- 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.
- Misdirection or exploitation of government funds or other assets (e.g. PPE, ventilation equipment).
- Fraudulent billing to the government or insurance companies for the provision of healthcare services.
- Undue influence and conflicts of interest in healthcare provision and regulation (including drug development and market entry), policy-setting and evaluation.
- Provision of counterfeit medical supplies and / or medication.
- 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.
- Increases in COVID-19 related cyber-criminal fraud.
- Impeded anti-corruption enforcement actions due to the COVID-19 crisis.
- Impeded provision of international cooperation (e.g. mutual legal assistance) due to the COVID-19 crisis.
- Exploiting the disbursement of national economic relief/rescue/stimulus packages, including:
  - Officials soliciting bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Officials being offered, promised or given bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.

- Sexploitation (including sexual exploitation and sextortion) and abuse of vulnerable or marginalized communities in exchange for financial or in-kind support as part of economic/social support services.
  - Schemes such as creating false or non-existent beneficiaries to embezzle stimulus / relief funds.
  - Exploiting international financial aid related to COVID-19 or other types of support.
  - 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.
- Corruption and fraud risks in public procurement of medicines, medical supplies or any related goods or services (this may include price gouging, bribery, self-dealing, and any other risks occurring specifically as a result of public procurement rules allowing for expedited delivery of goods/services during the pandemic): These risks have been severe in the times of COVID
  - Exploiting the disbursement of national economic relief/rescue/stimulus packages, including schemes such as creating false or non-existent beneficiaries being established to embezzle stimulus / relief funds: These risks have increased moderately during COVID.
  - 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; Misdirection or exploitation of government funds or other assets (e.g. PPE, ventilation equipment); Fraudulent billing to the government or insurance companies for the provision of healthcare services; Undue influence and conflicts of interest in healthcare provision and regulation (including drug development and market entry), policy-setting and evaluation; Provision of counterfeit medical supplies and / or medication: These are some of the risks which have increased mildly during COVID.

4. If possible, please provide examples of detected or suspected instances of domestic or transnational corruption or fraud, in line with the key risk areas mentioned in question 3. Please include a summary of the detected or suspected act, and how it was detected. Where such information is sensitive, please provide examples of the type of incident which has occurred.

- Procurement-related corruption instances have increased in India. For example, Director, Health Services in State 'A' was arrested on charges of seeking bribe in PPE kits procurement. In another example, allegations of corruption were leveled against a Metropolitan's Civic agency for procuring 'body bags' and medical equipment on inflated prices to which investigations have been ordered.

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- A stimulus package of approximately two hundred and sixty-five billion USD focusing on land, labor, liquidity laws, sectors as cottage industries, MSMEs, the working class, middle class and industry was released by the Government of India. The link of the details is provided as below:

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Based on intelligence, some of the emerging risk areas due to Covid-19 pandemic are as follows:

- Production of forged masks and hand sanitizer and selling them in the market at a huge premium
- Transporting of migrant laborers from their place of work to their hometowns after taking huge bribe/money
- Selling of medicines, sometimes at a huge premium, with a promise that it might cure the disease
- Providing ambulance service/transport to hospitals at a premium
- Links to malicious websites in the garb of providing useful information.
- Circulation of fake news and obtaining of financial benefits e.g. from high vitality in share market
- Diversion of food grains meant to be distributed to lower income strata from public distribution system and subsequent hoarding/black-marketing.
- Hoarding and selling of non-essential items like cigarettes, alcohol etc illegally at premium.
- Diversion of donations meant to be used for COVID-19 by NPO's/trusts.
- There are also instances reported such as a 19 year old opened a fake SBI Bank branch with all the systems and infrastructure in place.

5. Are any longer-term trends in corruption risks beginning to emerge as a result of COVID-19 in your country that will need a new or improved anti-corruption approach in the

future? Please elaborate on these trends, and the new or improved anti-corruption approach if possible.

- It is pertinent to mention here that there would be a time-lag in giving an exact quantitative increase in number of predicate offences but it cannot be denied that predicate offences have diversified because of the specific situation of COVID-19.
- Nevertheless, the COVID-19 crisis also has a positive outcome that many transactions have been shifted from cash to digital platform facilitating identification and tracking of payments by the authorities

## B. Anti-Corruption Controls during the Pandemic

6. What are the anti-corruption controls, safeguards, and measures that your government has put in place to address corruption risks identified in section (A)? Please highlight any special measures or procedures that have been introduced during the pandemic (e.g. telephone hotlines to report corruption in the allocation and disbursement of crisis response funds, an interagency cooperation taskforce among anti-corruption authorities, cooperation across international borders, ex-post facto audits of crisis related spending, publishing the beneficial ownership information of companies awarded public contracts, etc.)?

Central Drug Standard Control Organization (CDSCO) and Ministry of Health and Family Welfare have Zero tolerance towards corruption and committed to act stringently against any act of corruption. Various measures have been taken place during the last few years to improve transparency and accountability and to curb corruption in the regulatory system.

The major reforms are as under-

### E-Governance

- ✓ E-Governance is in place in CDSCO through SUGAM Portal for various activities including processing of applications of import registration and licensing of drugs, approval of new drugs including Investigational New Drugs, r-DNA products, vaccines, Bioavailability and Bioequivalence studies, clinical trials, registration of ethics committees, import license for test and analysis, personal permit, etc. as well as import registration/approval / licensing of medical devices. This helps avoid delay and unnecessary human interface.

### Monitoring measures

- ✓ CCTV Cameras at all strategic points has been installed in CDSCO offices to keep a watch & take action accordingly.
- ✓ E-Visitor system has been put in place in CDSCO (HQ) for monitoring the Visitors.
- ✓ CDSCO is also continuously monitoring all Zonal/ Subzonal offices including HQ in respect of timelines followed for processing of applications so as to identify

- the risk and take action accordingly, considering whether the risk is individual or system oriented.
- ✓ The officers and staff of CDSCO are regularly sensitized through public notice, DCC meetings and Internal meetings.

#### **Establishment Public Relation Office at CDSCO offices.**

- ✓ A Public Relation Office created at CDSCO (HQ) acts as a single window for disposal of grievances of stake holder and also provide information to the innovator regarding regulatory requirements.
- ✓ All Zonal/Sub Zonal offices have also been directed to create such PRO in the respective offices.

#### **Streamlining of Rules/ Regulations & Review Process**

##### **A). The New Drugs and Clinical Trials Rules, 2019**

On 19-03-2019, the New Drugs and Clinical Trials Rules, 2019 have been published which contain various provisions for improving transparency, accountability & predictability of approval process in line with international practices.

- ✓ The key provisions are as follows:
- Disposal of clinical trial and new drug applications by way of approval or rejection or seeking further information within a period of 90 working days.
- In case of application to conduct clinical trial of a new drug or investigational new drug as part of drug discovery, research and manufacture in India the application, is to be disposed of within a period of 30 working days, in case of no communication from CDSCO, the application will be deemed to have been approved.
- In case of application to conduct clinical trial of a new drug which is already approved outside India, the application is to be disposed of within a period of 90 working days.
- Provisions for pre-submission and post-submission meetings of the applicants with CDSCO for formal discussion and decision about case specific regulatory pathway.

##### **B) The Medical Devices, Rules,2017**

-The Medical Devices Rules, 2017 was notified 31.01.2017 under the provisions of the Drugs and Cosmetics Act, 1940.Said rules are effective from 01.01.2018 to regulate the Clinical Investigation, Manufacture, Import, Sale and Distribution of the medical devices in the country.

##### **C) Streamlining the review of various applications inconsultation with experts**

- Various independent panels of medical experts have been prepared. Presently, there are panels of total about 550 medical experts prepared recently with the approval of the Ministry of Health and Family Welfare. Panels take independent decisions.
- Subject Expert Committees (SECs) in various therapeutic areas are constituted on need basis drawing the experts from the panels for evaluation of new drugs, investigational new drugs including cellular biology based drug products | stem cell derived products, new medical devices etc.

-Each SEC comprises 8 medical experts (1 Pharmacologist and 7 medical specialists).

-Meetings of such expert committees are held regularly to review such applications in a timely manner and recommendations are made by the Committee independently. The recommendations are minuted and signed by the experts on the same day of the meeting.

- DCGI or any officer or expert are not chairman of such committee. Such committees takes independent analysis and decisions which are submitted to CDSCO for further processing.

-Time lines for disposal of various applications on medical devices have also been specified in the rules to improve transparency and accountability.

The Government of India and the various State Governments have from time to time issued advisories and appealed for cooperation from private sector in connection with the COVID-19 crisis to raise awareness against corruption.

- The Government made public announcement with respect to artificial price rise of medical equipment and drugs and regulated the same by capping their prices. For instance, on March 20, the Ministry of Consumer Affairs, Food and Public Distribution in the Government of India (GoI) capped retail prices of masks and hand sanitizers.
- The Government created awareness among financial institutions and public at large for shifting from cash payments to digital payments. In fact during the lockdown period, over 42% Indians have used digital payment mode multiple times as compared to the pre lockdown period.
- The Government issued advisories against any misuse of Grant made for the purpose of COVID-19.
- To avoid profiteering to anyone by the way of spreading fake news, the Government of India also constituted a Covid-19 Fact Check Unit (FCU) in the Press Information Bureau (PIB).
- Direct Benefit Transfer schemes are being used to transfer cash to the beneficiaries.

7. Does your government have any specific legislative / governance procedures in place to allow for timely public procurement in emergency situations? If so, please describe these briefly below. If not, how is emergency public procurement during the Coronavirus pandemic taking place / how did it take place and what anti-corruption measures were adopted?

E-Governance is in place in Central Drug Standard Control Organization through SUGAM Portal for various activities including processing of applications of import registration and licensing of drugs, approval of new drugs including Investigational New Drugs, r-DNA products, vaccines, Bioavailability and Bioequivalence studies, clinical trials, registration of ethics committees, import licence for test and analysis, personal

permit, etc. as well as import registration/approval /licensing of medical devices. This helps avoid delay and unnecessary human interface.

The public procurement in emergency situations does not circumvent standard anti-corruption procedures and is governed by the laws mentioned below:

As per the General Financial Rules 2017 and Manual for Procurement of Goods 2017, special rules of procurement may be adopted in emergency situations. Emergency can be of the nature of a natural disaster, or situations where timely completion of the assignment is of utmost importance.

- [The Epidemic Disease Act, 1897](#) also provides certain powers to the Central and State Governments to take certain measures, as deemed necessary, to prevent the outbreak of the disease.

1. Section 8.2, [Manual for Procurement of Goods 2017](#), (Handling Procurement in urgencies/Emergencies and Disaster Management) – There are sufficient fast track procurement modalities to tackle procurements in urgent/emergent and Disaster Management situations. Enhanced delegations of procurement powers in SoP are considered to handle such situations. Use of following modes of procurements are utilised in order of speed (under Disaster Management situations, threshold limits of modes of procurement may be increased for higher level of officers, with the sanction of Secretary of the Department):
  - Direct Procurement Without Quotation
  - Direct Procurement by Purchase Committee
  - SLTE/Limited/Single Tender Enquiry, with reduced time for submission of Bids

To speed up procurement, advance cash can be drawn for direct procurement modes and made available to the Committees/officer, with accounts and vouchers to be submitted after purchase

- 1) Section 4.10 [Manual for Procurement of Goods 2017](#) (Direct Procurement by Purchase Committee) – In case of emergency procurement, facility of withdrawing requisite advance cash amount and its subsequent accounting may also be considered
- 2) Rule 166 of the [General Financial Rules 2017](#) (Single Tender Enquiry) – Procurement from a single source may be resorted to in the following circumstances :
  - i) It is in the knowledge of the user department that only a particular firm is the manufacturer of the required goods
  - ii) In a case of emergency, the required goods are necessarily to be purchased from a particular source and the reason for such decision is to be recorded and approval of competent authority obtained.
  - iii) For standardization of machinery or spare parts to be compatible to the existing sets of equipment (on the advice of a competent technical expert and approved by the competent authority), the required item is to be purchased only from a selected firm
- 3) Rule 194 of [General Financial Rules 2017](#) (Single Source Selection/Consultancy by Nomination) – The selection by direct negotiation/nomination, on the lines of Single Tender mode of procurement of goods, is considered appropriate only under exceptional circumstances such as:
  - i) Tasks that represent a natural continuation of previous work carried out by the firm;

- ii) In case of an emergency situation, situations arising after natural disasters, situations where timely completion of the assignment is of utmost importance;
  - iii) Situations where execution of the assignment may involve use of proprietary techniques or only one consultant has requisite expertise.
  - iv) Under some special circumstances, it may become necessary to select a particular consultant where adequate justification is available for such single-source selection in the context of the overall interest of the Ministry or Department. Full justification for single source selection should be recorded in the file and approval of the competent authority obtained before resorting to such single-source selection.
  - v) It shall ensure fairness and equity, and shall have a procedure in place to ensure that the prices are reasonable and consistent with market rates for tasks of a similar nature; and the required consultancy services are not split into smaller sized procurement.
- 4) Per the [National Disaster Management Plan 2019](#), National Disaster Management Authority (NDMA) has the power to authorize the Departments or authorities concerned, to make emergency procurement of provisions or materials for rescue and relief in a threatening disaster situation or disaster since the Government of India had declared COVID-19 as a ‘disaster’ hence the measures in public procurement for disaster management were exercised to combat the Coronavirus outbreak.
- The State Governments can form procurement norms over and beyond the General Financial Rules. For example, as per the [Rajasthan Transparency in Public Procurement Act, 2013 \(RTPP\)](#), Chapter IV, a procuring entity may procure the subject matter by the method of single source procurement, in the emergent situation arising out of floods and other natural calamities, and the subject matter of procurement may be procured up to the ceiling rates. Another example is of Kerela wherein according to the [Stores Purchase Manual 2013](#) states that Single Tender Procurement may be adopted in a case of emergency where the required stores are necessarily to be purchased from a particular source.
- The issue of a much more comprehensive set of nationwide ‘lockdown’ instructions by the GoI under the National Disaster Management Act, 2005, issued on March 24, followed up by addenda till date and a number of ministries of the GoI issued further instructions such as those for movement of material and personnel for power generation (Ministry of Power, March 25) and for maintaining supplies of essential goods (Ministry of Home Affairs, March 26).
  - Consumer Protection Act 2019, anti-bid-rigging measures under the Competition Act 2002, ensuring delivery of essential services through the Essential Services Maintenance Act 1968, price and stock caps through the IRDA and the Essential Commodities Act 1955, and ensuring coordinated government responses as well as exclusive/preferential procurement of amenities from any person/authority via the National Disaster Management Act.

- Against the backdrop of sharp surges in prices of medical and other essential supplies and equipment required to battle the pandemic, the GoI has also announced dedicated hosting and shorted supply and bidding cycles for such items on its GeM (Government e-Marketplace) portal. The Government e Marketplace (GeM) has launched the COVID-19 platform to list all the suppliers and their products that can be used to curb the Corona outbreak. With more than 9500 suppliers and more than 7000 products on the COVID-19 platform, GeM has also eased registrations for manufacturers and resellers to register and list their products on the platform. Anticipating the current demand for medical devices and equipment such as hand sanitizers, thermometers, surgical gloves, etc. the GeM team has fast-tracked the registration process for such sellers. GeM has reduced the bidding time to just 3 days to ensure faster bidding and procurement of goods.

8. Do any mechanisms exist in your jurisdiction which are specifically-designed to monitor procurement activity during any public emergency, including the current COVID-19 pandemic? Please elaborate.

Transparency, competition and curbing of probity issues is ensured through:

- 1.Competition Act, 2002: Penalizes anti-competitive activities such as bid rigging, collusive bidding, cartelization, and abuse of dominance.
2. Right to Information Act, 2005: Promotes transparency in government dealings by entitling Indian citizens to expeditiously procure information from the government through a "right to information" application.
3. Integrity pact under the GFR and CVC guidelines: Addresses probity in procurement activities including through the appointment of an external monitor to mitigate corruption and ethical risks.
4. Prevention of Corruption Act, 1988 and Prevention of Money Laundering Act, 2002: Penalize bribery and money-laundering and provide for confiscation of property derived from money-laundering and other illicit activities.
5. Public Grievance portal- citizens can get their grievances redressed from Central Government through this mechanism. The grievances received are forwarded to the concerned Ministries/Departments/State Governments/Union Territories, who are dealing with the substantive function linked with the grievance for redress under intimation to the complainant. The Department of Administrative Reforms and Public Grievances 'takes up' about 1000 grievances every year depending upon the seriousness of the grievance and follows them regularly till their final disposal. This enables the Department to evaluate the effectiveness of the grievance redress machinery of the concerned government agency. The DAR&PG has been making endeavors to bring excellence in public service delivery and to redress grievances of citizens in a meaningful manner by effectively coordinating with different Ministries and Departments of the Government and trying to eliminate the causes of grievances.

<https://pgportal.gov.in/>

6. Complaint handling policy: The Central Vigilance Commission is mandated under the CVC Act, 2003, to enquire or cause an enquiry into complaints against public servants wherein allegations of corruption are involved. The Commission can cause an enquiry through the Chief Vigilance Officer of the organisation concerned or Central Bureau of Investigation or any other anti-corruption investigating agency under the Government of India. Complaints can be lodged by addressing the written communication/letter directly to the Commission or on Commission's portal [www.portal.cvc.gov.in](http://www.portal.cvc.gov.in) or through the Commission's website [www.cvc.gov.in](http://www.cvc.gov.in) under the link "Lodge Complaint" on home page. Complaints sent through written communication/letter should contain complete postal address (mobile/telephone number, if any) of the sender with specific details/information of the matter.

<https://cvc.gov.in/citizens-corner/complaint-handling-policy>

9. How effective do you believe the domestic anti-corruption controls referenced in questions 6-8 in this section have been, and what have been the main challenges?

No major challenges have been faced in implementing these measures.

10. If possible, please provide an overview of how non-governmental stakeholders (e.g. civil society and the media) have supported oversight efforts to detect fraud and corruption during your country's response to the pandemic. Are there any specific policies and practices your country has in place to facilitate these efforts?

Media has played a pivotal role in highlighting the corruption during these covid times. Government has engaged media to fight the fake news and accordingly, to avoid profiteering to anyone by the way of spreading fake news, Government of India also constituted a Covid-19 Fact Check Unit (FCU) in the Press Information Bureau (PIB).

11. Considering your responses to questions 6-10 of this section, which of such measures and processes would you consider good practices to be shared with the G20 ACWG?

- E-Governance is in place in Central Drug Standard Control Organization through SUGAM Portal for various activities including processing of applications of import registration and licensing of drugs, approval of new drugs including Investigational New Drugs, r-DNA products, vaccines, Bioavailability and Bioequivalence studies, clinical trials, registration of ethics committees, import license for test and analysis, personal permit, etc. as well as import registration/approval / licensing of medical devices. This helps avoid delay and unnecessary human interface.
- GeM as mentioned in answer no. 7 has reduced the bidding time to just 3 days to ensure faster bidding and procurement of goods and can be emulated by countries wherein the bidding and procurement takes a longer time.

- The Government of India has in place the Prevention of Workplace Sexual Harassment (Prevention, Prohibition and Redressal) Act, 2013 (PoSH Act), which makes it mandatory for all workplaces, including hospitals, to have in place policies and Internal Committees (ICs) to address workplace sexual harassment. The PoSH Act makes it clear that this law is applicable not only to staff but also to visitors at any workplace. Therefore, both hospital staff and visiting patients are protected under the law.

12. In your opinion, how can the G20 countries work collectively to address corruption risks arising in connection with the COVID-19 crisis, both with respect to national efforts and international collaboration?

By sharing the best practices with each other and then assisting in implementation of those which can work in tandem with the existing framework.

13. In your opinion, are there any new ways of working in the anti-corruption space which may be necessitated by the impact of COVID-19, in response to short or longer-term trends (e.g., conducting remote court hearings on corruption cases)? Please elaborate.

- The Law Enforcement Agencies responsible for investigation and prosecution of corruption offences continue to perform their duty, by taking the following measures
  - ✓ Online hearing of cases by the Officers before the Courts for early disposal of matters.
  - ✓ Searches: The teams were provided PPE kits and after conducting thorough verification, searches were conducted.
  - ✓ Summons: Summons were minimized, however in important cases, people were called and statements recorded after observing social distancing norms. As far as practicable, prior questionnaire was sent in advance to reduce interaction time.
  - ✓ Bail Application: Various anticipatory bail applications filed in Hon'ble Bombay High Court and Hon'ble Spl. PMLA Court were vigorously followed, timely briefing of the case to the Counsels were given observing social distancing norms.
  - ✓ Arrests: Social distancing norms were followed and Covid testing of accused to mitigate risk of spread of Covid-19.
- Amidst the coronavirus outbreak in the country, the responsibility of procuring the essential medical equipment ranging from masks to ventilators lied on the shoulders of the respective government entities. Under normal circumstances, government procurement follows a considerably longer tendering method. However, under the present situation, expediting the process was the need of the hour and to ensure the same, the Cabinet Secretary vide

I.D.No.101/2/1/2020-CA.IV dated 26th March 2020 had asked the Department of Expenditure to facilitate the procurement and transportation of medical and other essential supplies for COVID-19 operations by issuing suitable guidelines

- Against the backdrop of sharp surges in prices of medical and other essential supplies and equipments required to battle the pandemic, the GoI announced making use of ICT by a dedicated hosting , supply and bidding cycles for such medical items on its GeM (Government e-Marketplace) portal.
- The Government e Marketplace (GeM) launched the COVID-19 platform to list all the suppliers and their products. With more than 9500 suppliers and more than 7000 products on the COVID-19 platform, GeM eased registrations for manufacturers and resellers to register and list their products on the platform. Anticipating the current demand for medical devices and equipment such as hand sanitizers, thermometers, surgical gloves, etc. the GeM team fast-tracked the registration process for such sellers and reduced the bidding time to just 3 days to ensure faster bidding and procurement of goods.
- Private hospitals were roped in for COVID-19 testing and treatment by the Government of India. In case any private hospital or lab was found to be violating the Covid-19 regulations, cases were recorded against them. For instance, Delhi Police registered an FIR against a private hospital for violating COVID-19 regulations.
- The respective state governments had also fixed upper limits of fees to be charged for various categories of patients by private hospitals to reduce profiteering and exploitation of patients

14. If possible, please outline measures which could be taken in your country to prepare for and safeguard against risks during future crises in terms of the anti-corruption response.

**Promoting Digital First approach:** during the times of Covid, the work place is getting Digital First. Use of technology is demolishing bureaucratic hierarchies, eliminating middlemen and accelerating welfare measures. Through Jan Dhan Accounts, Aadhar and Mobile connectivity, India had initiated this simple connection which has stopped corruption and rent seeking and has enabled the Government to transfer money at the click of a button. India has perhaps the largest such infrastructure in the world. This infrastructure has helped us tremendously in transferring money directly and immediately to the poor and needy, benefiting crores of families, during the COVID-19 situation. <https://pmjdy.gov.in/>

**Transparency and Accountability:** India believes that transparency and accountability not only connect the people closer to the government but also make them equal and integral part of the decision-making process. Draft policies are put online for people to give their feedback and suggestions. Citizen's Charter is a document of commitments made by a Government organization to the citizens/client groups in respect of the services/schemes being provided to them or to be provided to them. The objective of Charter exercise is to build bridges between citizens and administration and to

streamline administration in tune with the needs of citizens.  
<https://darpg.gov.in/citizen-charter>

15. If possible, from your own perspective, are there any areas of overlap between the ACWG priorities in 2020 and the response to the COVID-19 crisis, or other future crises which you would like to highlight? For example, has ICT been used to enforce anti-corruption controls during the pandemic? Would you consider including mechanisms for emergency responses in your national anti-corruption strategy, if your country has one? Please elaborate.

India's anti corruption policy relies heavily on ICT platforms. Implementation of Right to information Act is aided by use of ICT. The success of an ambitious and a highly desirable initiative like Direct Benefit Transfer (DBT) depends on a set of a few critical factors like ICT. For a heterogeneous and a large country like India, it becomes imperative that these critical factors are in place to achieve smooth roll out of a programme like DBT.

## INDONESIA

### Questionnaire for the members of the G20 ACWG

#### A. Corruption Risks during the COVID-19 Pandemic

1. Has your government assessed domestic or transnational corruption risks arising during the COVID-19 pandemic, either through a formal risk assessment or other informal means? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents such as anti-corruption plans to mitigate corruption risks arising in connection with the COVID-19 crisis).

Yes. Indonesia has been conducting formal assessments on corruption risk arising during the COVID-19 pandemic.

Indonesian budget allocation for the acceleration of COVID-19 handling and the recovery of the national economy has increased to Rp 695.2 trillion (US\$47 billion) up to June 2020, higher than the initial allocation, Rp 405.1 trillion (US\$ 29 billion). The new budget aims to strengthen the health care system, direct more spending toward social protection to boost consumption and provide incentives to rescue Indonesian businesses from bankruptcy and workers from layoffs. The government has been spending Rp 87.55 trillion (US\$ 6.25 billion) in the health care sector; Rp 203.90 trillion (US\$ 14.56 billion) to strengthen social safety net programs; Rp 123.46 trillion (US\$ 8.82 billion) to provide incentives for micro, small and medium businesses; Rp 120.61 trillion (US\$ 8.61 billion) total incentives for larger entities; Rp 106.11 trillion (US\$ 7.58 billion) to support sectoral and regional administrations; and Rp 53.57

trillion (US\$ 3.83 billion) to provide a stimulus for state-owned enterprises (SOEs) and labor-intensive businesses.

With the large amount of funds allocated and realizing its vulnerability to corruption, Indonesia prioritized to realize good governance in the use of the state budget for COVID-19 countermeasures. We build an early warning system to detect corruption, strengthen good governance that is transparent and accountable, and ensure that law enforcement agencies, ministries, civil society and public work together in corruption prevention, as well as monitoring the use of the budget.

Corruption risk assessment activities in Indonesia are conducted by the Corruption Eradication Commission (herein after referred to as “KPK”) with the assistance from the academics from universities/research institutes and practitioners from the bureaucracy. Currently, we conduct 15 studies that focused on the corruption risks in connection with the COVID-19 crisis: 14 studies are on-going and 1 study have been completed. Corruption risk assessments during the COVID-19 pandemic aimed to mitigate the potentiality of corruption in these following areas:

1. Public procurement of goods and services. This includes procurements of personal protective equipment (PPE) and other medical supplies;
2. Philanthropy and social funds. To prevent embezzlement, receipts and disbursements of funds are being recorded;
3. Re-allocation of state budget. To prevent conflict of interest and abuse of power by public officials, re-allocation processes are being monitored to ensure that none of them violates any law; and
4. Disbursement of social funds and economic stimulus. Transparency, data clarification and validation of recipients are being monitored to prevent misappropriation.

KPK's 15 corruption risk assessments follow the state budget allocation for the acceleration of COVID-19 handling and the recovery of the national economy, hence, the scope of the studies are:

#### Health sector

- Government spending allocated on payment claims from Covid-19 services;
- Incentive for the death of health sector workers; and
- Government spending on upgrading hospital's facility.

#### Social safety net programs

- Program for Family and Hope (PKH) and Program for Basic Necessities;
- Electricity Subsidy (450 VA and 900 VA);
- Reserve on Logistic and Basic Necessities;
- Pre-employment Card Program;
- Social aid funds in 5 big cities: Jakarta, Bogor, Depok, Tangerang and Bekasi; and
- Reserve on Allocated budget on Education;

#### Incentives for micro, small and medium businesses

- Interest Subsidy for micro, small and medium businesses;
- Placement of Funds; and
- Working Capital Credit Guarantee.

Incentives for business entities

- State Capital Program and Government Investment.

Support funds for sectoral and regional administrations

- Low-Income Housing Assistance

The results of the assessments are recommendations aimed to improve the system/program. Recommendations from the assessment are submitted to the agency responsible for the program/policy. KPK's recommendations are followed up by stakeholders in the form of implementation of action plans that will be monitored by KPK within agreed time limits. Monitoring of action plans is carried out by KPK down to the local level.

Below is the summary of one completed corruption risk assessment conducted by the KPK on the pre-employment card program, as one of many programs developed by The Indonesian government to respond to the COVID-19 crisis.

### **Corruption Risk Assessment on Pre-Employment Card**

The pre-employment card program was initially designed as a training program to equip the unemployed and fresh graduates with new skills that would help them enter the job market. However, it was later repurposed as a combination of cash aid and training subsidy following massive layoffs across Indonesia during the COVID-19 pandemic. The program aims to provide relief for workers and small business owners hit by the COVID-19 pandemic, allocating Rp 20 trillion (US\$ 14,28 billion) from the 2020 state budget to 5.6 million eligible recipients. On the KPK's recent study, we have found several irregularities with the management and digital courses offered by the government's pre-employment card program.

#### **The key findings are:**

1. 9 million applicants for the program are not the targeted participants of the program
2. The face recognition feature with USD 2,07 million budget, is not efficient for participant recognition
3. There are conflicts of interest on 5 digital platforms with Training Providing Institutions (who provide 250 trainings out of 1,895 trainings).
4. Only 24% of the training is eligible to be categorized as training, of that number only 55% is eligible for online training.
5. 327 trainings in this program were randomly sampled, the majority (89%) trainings available for free on the internet.

#### KPK's recommendations as the result of the assessment are:

1. Use citizen identification numbers (NIK) as participant identification, no need for other features
2. 250 trainings where a conflict of interest is indicated must be terminated.

3. The training materials that available for free online, should be excluded from the list of training programs.
4. Involvement of the National Professional Certification Agency (BNSP) in the preparation of training material standards and certification for program implementers

Website:

<https://www.kpk.go.id/id/berita/siaran-pers/1700-kpk-minta-pemerintah-tunda-program-kartu-prakerja>

2. Has your government undertaken any previous corruption risk assessment which is relevant to activities being conducted, or risks present in the current pandemic situation or other emergency scenarios (e.g. an assessment of corruption risks in the healthcare sector which existed beforehand, assessment on emergency procurement processes, etc.)? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents).

Yes, studies and research have been conducted on the risk of corruption in public procurement of goods and services, as well as in health sector. KPK has issued strategic recommendations accordingly and coordinated with relevant ministries.

#### **Corruption Prevention Study in Government Procurement of Goods and Services**

This study was completed in 2015 as a preventive solution to reduce the high number of corruption crimes in the government procurement of goods and services sector. This study examines the procurement of goods and services as a small sub-system of the government spending system through both state and regional budget. The scope of the study focuses on the procurement of government goods and services in terms of regulation, institution, implementation, as well as integrity and transparency. In addition, this study also examines the state and regional budget as the main or upstream of the government spending system which greatly affects the process of government procurement of goods and services.

The study was carried out for 2 years with the main objective of minimizing corruption risk or loopholes related to Government Procurement of Goods and Services. The specific objectives are:

1. Mapping the root of the problem related to Government Procurement of Goods and Services.
2. Mapping the vulnerable points in regulation, implementation, supervision and budgeting related to the procurement of government goods and services.
3. Develop recommendations to improve implementation, supervision and budgeting related to the procurement of government goods and services.
4. Develop strategic recommendations related to Corruption Prevention in the National Government Procurement System for Goods and Services.

#### **Key findings**

The study finds that the high rate of corruption on government procurement has these following effects: low quality of deliverables, state loss and low value of the benefits obtained from the procurement. The causes of the corruption are divided as follows: regulations (overlapping, multiple interpretations and non-applicable regulations); planning and budgeting (lack of integrity from procurements officials and lack of transparency in the planning stage of procurement); implementation (limitation information on market prices, collusion, lack of integrity of procurement officials, external intervention); and supervisory (supervisory tends to be reactive, not proactive).

The study resulted in both strategic and technical recommendations for regulation and system improvement. It is later being followed up in the National Strategy on Corruption Prevention, with one of its action plan is enhancing professionalism and modernization of procurement of goods and services.

Website:

<https://acch.kpk.go.id/id/berkas/litbang/kajian-pencegahan-korupsi-pada-pengadaan-barang-dan-jasa-pemerintah>

### **Study on Medical Device Procurement Governance**

In 2019, KPK has completed a study that assess the governance on the procurement of medical devices. Since the implementation of the National Health Insurance (JKN) as the mandate of the implementation of Law Number 40 of 2004 concerning the National Social Security System (SJSN), the market for medical device providers has increased. In line with that, the government spending on medical devices (both state and regional budget) is also large. However, Indonesia is still very dependent on imported medical products. Therefore, funds from the Government for medical devices are 1 of the 5 biggest corruption in the health sector. The objects of study are the Central and Regional Governments, forms of corruption in the health sector, and potential problems (technology and infrastructure, procurement, supervision, supervisory institutions, and regulations, and recommendations).

### **Key findings**

The study finds that the procurement of medical devices is not relevant to the country's most pressing needs. The lack of guidance on needs assessment has also resulted in several projects being stalled and over budget. Furthermore, potential problems are found in relation to the monitoring of medical devices, among others: lack of capacity of supervisory agencies, low standard of operation procedure for licensing supervision and overlapping roles between regulatory and implementing agencies.

KPK recommends to strengthen monitoring mechanism and to implement good document review and licensing evaluation. KPK also recommends to improve the regulation framework of medical devices, which include improving and promoting electronic catalogue system as the primary purchasing option for the users.

Website:

<https://www.kpk.go.id/id/publikasi/kajian-dan-penelitian/kajian-dan-penelitian-2/793-kajian-tata-kelola-alat-kesehatan>

3. Please outline the top 3–5 corruption risks your country has identified (both short and longer term) arising in connection with the COVID-19 crisis. Where possible, please indicate whether these risks were present and/or high prior to the onset of the pandemic. When outlining risks, you may consider the following (non-exhaustive) list:

- Corruption and fraud risks in public procurement of medicines, medical supplies or any related goods or services (this may include price gouging, bribery, self-dealing, and any other risks occurring specifically as a result of public procurement rules allowing for expedited delivery of goods/services during the pandemic).
- 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).
- 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.
- Misdirection or exploitation of government funds or other assets (e.g. PPE, ventilation equipment).
- Fraudulent billing to the government or insurance companies for the provision of healthcare services.
- Undue influence and conflicts of interest in healthcare provision and regulation (including drug development and market entry), policy-setting and evaluation.
- Provision of counterfeit medical supplies and / or medication.
- 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.
- Increases in COVID-19 related cyber-criminal fraud.
- Impeded anti-corruption enforcement actions due to the COVID-19 crisis.
- Impeded provision of international cooperation (e.g. mutual legal assistance) due to the COVID-19 crisis.
- Exploiting the disbursement of national economic relief/rescue/stimulus packages, including:
  - Officials soliciting bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Officials being offered, promised or given bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Sexploitation (including sexual exploitation and sextortion) and abuse of vulnerable or marginalized communities in exchange for financial or in-kind support as part of economic/social support services.
  - Schemes such as creating false or non-existent beneficiaries to embezzle stimulus / relief funds.
- Exploiting international financial aid related to COVID-19 or other types of support.
- 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.

We have identified corruption risks in Indonesia in connection with the COVID-19 crisis:

1. Corruption risks in public procurement of medicines, medical supplies or any related goods or services. This includes bribery, gratification, lack of monitoring, and other risks occurring specifically as a result of public procurement rules allowing for expedited delivery of goods/services during the pandemic.
2. Misdirection or exploitation of government funds on procurement in health sector; social safety net programs; incentives for micro, small and medium businesses; tax incentives for business entities; support funds for sectoral and regional administrations; and economic stimulus for state-owned enterprises (SOEs) and labor-intensive businesses. This potential misuse of budget is also related to the upcoming regional election (270 out of 548 region) in December 2020, where the incumbent local leaders intentionally reallocate the local budget for their political interests.
3. Undue influence and conflicts of interest of public officials in the provision and regulation, policy-setting and evaluation for the programs that have been developed to handle Covid-19 crisis and recovery of the national economy.
4. Corruption risks on the disbursement of national economic stimulus packages with consideration that Indonesia has 34 provinces and 514 regional governments, hence the monitoring of funds disbursement of national economic stimulus as well as ensuring its transparency and accountability, have been major challenges.

4. If possible, please provide examples of detected or suspected instances of domestic or transnational corruption or fraud, in line with the key risk areas mentioned in question 3. Please include a summary of the detected or suspected act, and how it was detected. Where such information is sensitive, please provide examples of the type of incident which has occurred.

It is too early for us to provide examples of detected or suspected instances of domestic or transnational corruption with consideration that the investigation process is ongoing and haven't reach the court's decision. However, we can share our early warning system to detect corruption that involved public and civil society in the supervising the implementation of government program in handling covid-19. We succeeded in detecting potential conflict of interest in the Pre-Employment Card Program. As we mentioned on our answer for question 1, KPK found potential conflict of interest in these areas:

1. Five of the Eight Digital Platforms who are the partner of pre-employment card program hold roles as Training Institutions and do curation;
2. The Digital Platform Partners advertise the training; and
3. The Digital Platform Partners distributing the courses under the program were also the ones producing the classes.

We identified at least 250 courses that may potentially lead to conflict of interest. Moreover, the government had chosen eight partnering companies without a proper procuring mechanism. KPK urged the government to remove the 250 courses that may potentially have a conflict of interest.

While KPK Study on this program was completed in June 2020, previously in April 2020, these potential conflicts of interest have also been the concerns of the public and civil society, such as the Indonesian Corruption Watch (ICW). They proactively report their concerns to law enforcement agencies. The potential conflict of interest in the program initially involved advisors to the President and when the cases become a public polemic, these public officials resigned and ended the polemic.

5. Are any longer-term trends in corruption risks beginning to emerge as a result of COVID-19 in your country that will need a new or improved anti-corruption approach in the future? Please elaborate on these trends, and the new or improved anti-corruption approach if possible.

#### **Emerging corruption risks and trends as the result of Covid-19**

Indonesia has two major concerns related to Covid-19 crisis: the concern to lower the number of confirmed COVID-19 positive cases and the concern to recover the economy and avoid further negative growth on economy that will lead to recession. The two concerns are not always in line and as the result, the Indonesian government has taken numerous measures to respond to the COVID-19 pandemic, this includes entering the 'new normal' phase when the curve of positive cases is still increasing. Some of the measures are overlapping between regulating ministries and continues to change following the dynamics of the Covid-19 crisis.

Following the implementation of such measures, it is tempting to deprioritize the mitigation and management of corruption risks and upholding of sanctions against perpetrators of corruption. This pandemic will be seen by some as an opportunity to take advantage of the emergency to abuse their power for private gain. There are concerns that those in positions of power would bend what is left of the regulatory and policy for their private benefit, or influence decisions related to social safety net programs, incentive or economic stimulus packages for at the beckoning of special interest groups and at the expense of public interest. To overcome these emerging corruption risks, these are the measures taken by Indonesia:

##### **1. Anti-Corruption Commitment from the Highest Political Leader**

The commitment from the highest political leader must be stated on regulatory framework. For example, the Presidential Instruction No 4 of 2020 also instructed the Indonesian Financial and Development Oversight Body (BPKP) to provide assistance, conduct financial oversight, and ensure the accountability of state finances related to the covid-19 crisis. This agency will also assist law enforcement agencies to detect corruption.

##### **2. Improvement of Regulatory Framework on Anti-Corruption**

Supreme Court Regulation No. 1 of 2020 has set regulatory guidelines for criminalization in Articles 2 and 3 of the Corruption Eradication Law, which regulates that a person convicted of an act of corruption worth above Rp 100 billion (US\$ 7.14 million) can be sentenced to life imprisonment. The regulation also stipulates that judges are required to consider state losses, the rate of violation, impact and benefits, the range of convictions, incriminating or alleviating factors, sentencing, and other provisions related to sentencing.

### **3. Safeguarding of the justice system**

To the extent that it is possible, the justice system must be allowed to continue to function in order to enforce sanctions and judgments on cases of corruption, thereby maintaining systems of accountability during a state of emergency. In Indonesia, there are three agencies that have the authority to investigate corruption cases, namely KPK, the Indonesian National Police (INP) and the Attorney General's Office (AGO). These law enforcement agencies have redoubled their efforts to mitigate disruptive effects caused by the Covid-19 crisis in the area of investigation and prosecution of corruption.

### **4. Building of an Early Warning System that Involves Public Participation**

Law Enforcement Agencies have issued strong warnings against corruption in crisis situations and have invited the public to participate by reporting. Law enforcement agencies have also opened multiple channels that allow the public to report corruption-related acts, including online channels and whistleblower channels.

### **5. Development of New Capabilities to Combat Corruption**

In order to respond to emerging modus operandi of corruption, especially in today's disrupted economy, Indonesia has to develop new strategies in combating corruption. Capacity and capability enhancement of law-enforcement agencies is necessary in order to respond to changes related to existing corruption practices.

Website:

- Indonesian measures to respond to the COVID-19 can be accessed here <https://indonesien.ahk.de/en/infocenter/news/news-details/covid-19-developments-in-indonesia>, as well as at official website of respective ministry.

## **B. Anti-Corruption Controls during the Pandemic**

6. What are the anti-corruption controls, safeguards, and measures that your government has put in place to address corruption risks identified in section (A)? Please highlight any special measures or procedures that have been introduced during the pandemic (e.g. telephone hotlines to report corruption in the allocation and disbursement of crisis response funds, an interagency cooperation taskforce among anti-corruption authorities, cooperation across international borders, ex-post facto audits of crisis related spending, publishing the beneficial ownership information of companies awarded public contracts, etc.)?

Anti-corruption controls, safeguards, and measures that Indonesia has put in place to address corruption risks identified during the Covid-19 crises are, among others:

1. Upon the initiative of KPK, the President involves and provide KPK access since early stage of program planning. Therefore, KPK will be able to provide recommendations to prevent corruption/fraud risks that may occur at the later stage.

2. KPK issued circular letter No.8/2020 on the guidance on Covid-19 related procurements, in response to Presidential Instruction (Inpres) No. 4/2020. President Joko Widodo has officially ordered Ministries and Institutions to allocate budget to deal with the impact of the COVID-19 pandemic. Through the issuance of Presidential Instruction (Inpres) No.4/2020, ministries, institutions and local governments are now able to re-focus their budget towards healthcare, disbursement of social funds and economic stimulus.
3. KPK issued circular letter No.11/2020 on the use of Integrated Social Welfare Data (DTKS) as a reference for the government in providing social aid to the community in the midst of the Covid-19 pandemic. Data collection of aid recipients is a critical point in the distribution of the social aid. The distribution of social aid shall be based on transparency and accountability principles.
4. KPK also sent a letter to ministries and other government institutions on donations received from the public. Through this letter, KPK informed Ministries/institutions that received donations for Covid-19 Pandemic which addressed directly to the ministries/institutions' accounts, are not regarded as gratuities and not necessarily to be reported to KPK. The Ministries/Institutions who received the donation funds should publish the disbursement through a website or other public channels. In order to ensure that the donations are given to the right recipients, ministries/institutions have to coordinate with the National Disaster Management Authority at the national and regional levels, since this agency is maintaining social aid recipients database.
5. KPK conducts 15 corruption risk assessments on the following areas: the health sector; social safety net programs; incentives for micro, small and medium businesses; tax incentives for business entities; support funds for sectoral and regional administrations; and economic stimulus for state-owned enterprises (SOEs) and labor-intensive businesses. The results of the assessments are recommendations addressed to the relevant ministries for improvement.
6. KPK established a team to coordinate and supervise 542 regional governments in Indonesia. The team is targeted to achieve 2 outputs: to make recommendations related to systemic problems on covid-19 procurements and to conduct an analysis and evaluation on re-allocation of the budget and activities adjustments made by the regional government as the impact of the Covid-19 outbreak. We use the Monitoring Centre for Prevention/MCP (<https://jaga.id/jendela-daerah/program>) application, and make the evaluation process easier by focusing on the areas to improve. This team is part of the Collaboration between Coordination and Supervision Unit for Corruption and Law Enforcement, or known as the Regional Coordination Unit who assist regional governments in implementing good governance and synergy in case handling.
7. KPK also established an online public-participation platform called JAGA (jaga.id) to educate the public on anti-corruption issues, accommodate public complaints, as well as advocate the bottleneck of public services delivery to the local supervisory board (inspectorate) and related institutions.

7. Does your government have any specific legislative / governance procedures in place to allow for timely public procurement in emergency situations? If so, please describe these briefly below. If not, how is emergency public procurement during the Coronavirus pandemic taking place / how did it take place and what anti-corruption measures were adopted?

Yes. Indonesia has specific legislative / governance procedures in place to allow for timely public procurement in emergency situations.

The Presidential Regulation No. 54 of 2010 on Public Procurement of Goods and Services stipulated that all government procurements of goods and services should be carried out through open tender method. However, direct procurement is allowed if it is related to emergency circumstances, national security, public order, safety and protection of society or during natural disasters (eg. Covid-19 crisis) and for small procurements under Rp. 100,000,000.00 (one hundred million rupiah or equivalent to US\$ 7.143).

Procurement of goods and services in the context of an emergency in Indonesia has been stipulated on Presidential Regulation No 16 of 2018 on Public Procurement of Goods and Services, article 59. This article stipulates all kind of situation that falls under the category of the state of emergency. It is further regulated in the Public and Procurement Agency (hereinafter referred to as "LKPP") Regulation No. 13 of 2018 on Public Procurement of Goods and Services in Emergency Handling. The scope of this Regulation includes emergency criteria; procedures for the procurement of goods / services handling in the state of emergency; and monitoring mechanism and legal services.

Despite procurement conducted in an emergency situation, LKPP Regulation No. 13 of 2018 stipulates that procurement of goods/services handling in an emergency, still have to go through these stages: procurement planning; procurement implementation; and payment settlement. The intended procurement planning includes:

- a. identification of the need for goods / services;
- b. resource availability analysis; and
- c. determination of the method of procurement of goods / services.

Each procurement is required to sign a procurement contract and to conduct a post audit afterwards.

To ensure the accountability and transparency of Covid-19 related procurements, KPK has implemented several corruption prevention measures, as follows:

1. Publish guidance for Covid-19 related procurements, including personal protective equipment (PPE) and other medical supplies procurements. These measures were taken to improve governance in the procurement process during emergency circumstances.
2. Take part in the *National Task Force on Covid-19 Rapid Response*. KPK's role in this taskforce is to supervise the covid-19 related procurement outbreak. KPK allocates personnel from the Prevention Department in this team.

3. Encourage the *National Task Force on Covid-19 Rapid Response at the national and regional levels to ensure all procurements are conducted based on the principles of transparency, effectiveness, accountability and value for money to avoid acts of corruption.*
4. Encourage the public to report corruption cases related to Covid-19 KPK Whistleblower System or government agencies' public complaint channels.
5. Encourage KPK's investigation division to develop cases based on the alleged violations in Covid-19 related *procurements*.

Website:

- Regulation of Public and Procurement Agency (LKPP) No 13 of 2018 on Public Procurement of Goods and Services in Emergency Handling can be accessed here:  
<https://jdih.lkpp.go.id/regulation/peraturan-lkpp/peraturan-lkpp-nomor-13-tahun-2018>
- Presidential Regulation No 16 of 2018 on Public Procurement of Goods and Services can be accessed here:  
<https://jdih.lkpp.go.id/regulation/peraturan-presiden/peraturan-presiden-nomor-16-tahun-2018>

8. Do any mechanisms exist in your jurisdiction which are specifically-designed to monitor procurement activity during any public emergency, including the current COVID-19 pandemic? Please elaborate.

Yes, Indonesia has implemented monitoring mechanism applied for public procurement conducted in the state of emergency. LKPP Regulation No 13 of 2018 on Public Procurement of Goods and Services in Emergency Handling, article 7, stipulates that Government Internal Supervisory Officer (herein after referred to as "APIP") supervises and provides assistance for the activities of the procurement of goods/services in Emergency Handling from planning process to payment. APIP also conducts audits of reports and/or complaints from the public regarding irregularities or abuse of authority in the procurement of goods / services for emergency handling.

APIP is a government internal control apparatus that conduct internal supervision/audit. APIP consists of Inspectorates General, Provincial Inspectorates and Inspectorates of Districts/ Municipalities.

In addition, Presidential Instruction No 4 of 2020 also instructed the Indonesian Financial and Development Oversight Body (herein after referred to as "BPKP") to monitor the accountability of state finances used in handing COVID-19 crisis. As mandated by Government Regulation No. 60 of 2008, BPKP provides guidance for the implementation of SPIP. BPKP conducts internal control over the accountability of state finances.

In March 2020, LKPP issued a Circular Letter No 3 of 2020, addressed to all Ministries, Agencies (including Law Enforcement Agencies), and Regional Governments that aim

to explain the implementation of public procurement in handling COVID-19. The circular letter stipulates the following:

- 1) The procedure that has to be followed on how the officials holding the authority to use the budget in a government agency, can conduct public procurement in handling COVID-19 crisis. This includes a procedure on how to select providers that are available on e-catalogue. Electronic Catalogue facility (e-Catalogue), is an electronic information system that lists the types, technical specifications and prices of certain goods from various providers of goods/services.
- 2) Procurement of goods and services in emergency handling can also be carried out independently.
- 3) After payment, the procurement officials responsible for the procurement of goods/services (known as Commitment Officer or PPK) are required to conduct an audit performed by BPKP and APIP.
- 4) All parties who are involved in the public procurement in emergency handling are prohibited to receive, offer, promise, give or taking gratification, bribe, gifts, benefits in any form, from or to anyone which is known or reasonably suspected to be related to the public procurement.

In addition, in March 2020, BPKP has also issued a circular letter No 336/K/2020 to all governors in Indonesia that inform that BPKP has established technical team that will assist regional governments in ensuring the accountability of state finances used in handing COVID-19 crisis.

Website:

- LKPP Circular Letter No 3 of 2020 can be accessed here:  
<http://www.lkpp.go.id/v3/#/read/5819>.
- BPKP circular letter No 336/K/2020 can be accessed here:  
<http://www.bpkp.go.id/poloskam/konten/357/Produk.bpkp>

9. How effective do you believe the domestic anti-corruption controls referenced in questions 6-8 in this section have been, and what have been the main challenges?

We are optimistic on the effectiveness of the anti-corruption controls referenced in question 6-8, as the implementation is still on-going.

The main challenges are:

1. Setting the priority areas to improve domestic laws according to international standards, such as the United Nations Convention against Corruption (UNCAC);
2. Lack of integrity of some public officials;
3. KPK, as Indonesia's Anti-Corruption Agency, is currently in a transition period under the enactment of Law No 19 of 2019, several adjustments require to be developed in relation with new organizational structure, several standard operating procedures and other internal regulations also need to be further developed;

4. As we find the use of ICT in preventing corruption during COVID-19 crisis is highly beneficial, we also find challenges in integrating current online platforms such as unsupportive regulation, bureaucracy and differences in system programs used.

10. If possible, please provide an overview of how non-governmental stakeholders (e.g. civil society and the media) have supported oversight efforts to detect fraud and corruption during your country's response to the pandemic. Are there any specific policies and practices your country has in place to facilitate these efforts?

Reports on corruption by the public can be sent to law enforcement agencies and Government Internal Auditors (APIP). Law enforcement agencies also open multiple channels that allow public report corruption-related acts, including call centre, online channels and whistle-blower channels.

Through its Directorate of Public Complaint, KPK receives public complaints related to corruption. The Ombudsman receives complaints regarding maladministration and public services. Several local governments also receive public complaints through their complaint handling units or via direct link with the Head of Local Government. The Goods and Services Procurement Units at Ministries/Agencies and local governments as well as the National Public Procurement Agency (LKPP) also receive and manage complaints from parties who feel disadvantaged in the process of procurement of goods and services, the procurement organizers, and the general public.

Furthermore, KPK developed anti-corruption tools using the information technology. The "JAGA" mobile application is aimed at increasing public participation in monitoring public services, especially education, health, and licensing. During the pandemic, KPK has added a new feature called "Jaga Bansos" (bansos: social aid) where the public can report the allegations of misappropriation of social aid funds. Jaga Bansos displays information on state budget allocated for COVID-19 handling including for health, handling the economic impacts and social safety net in the regional level. The feature also provides a platform for open discussion and knowledge sharing on the disbursement of social aid funds. As of 7 August 2020, KPK has received 894 public complaints on social aid funds, particularly reports from recipients who have not received the social aid funds or recipients who received less than they should. Moreover, JAGA escalate the public complaints to be resolved by the local supervisory board (inspectorate) and related institutions.

**Website:**

- KPK Whistle-blower System (<http://kws.kpk.go.id>), Call Center 198 and JAGA application apps (<https://jaga.id/>) JAGA Bansos can be accessed through mobile apps or here <https://jaga.id/sektor/bansos>
- The Attorney General Office's whistleblowing system (<https://www.kejaksaan.go.id/pengaduan.php>)
- Indonesia National Police's whistleblowing System (<https://wbs.polri.go.id/>)
- The Ombudsman's channel for public complaints (<https://ombudsman.go.id/pengaduan> )
- LKPP's whistle-blower system (<https://wbs.lkpp.go.id/>)

11. Considering your responses to questions 6-10 of this section, which of such measures and processes would you consider good practices to be shared with the G20 ACWG?

We consider corruption risk assessments that have been conducted by KPK are good practices. The assessments are conducted based on the money that the government allocate to handle COVID-19 and economic recovery. The assessments have been conducted comprehensively, involving relevant ministries/agencies. It also analyses the cause of the problems, identify key findings and provide recommendations to the government for regulatory and/or system improvement. The improvements that we recommend are also in line with the use of the latest advanced technologies to capture, analyze, and share data to prevent, detect, and deter corrupt behavior.

Furthermore, we consider the work conducted by KPK's regional coordination unit that assist regional governments in implementing good governance and synergy in case handling, including through the use of Monitoring Centre for Prevention (MCP) application, as good practices also.

12. In your opinion, how can the G20 countries work collectively to address corruption risks arising in connection with the COVID-19 crisis, both with respect to national efforts and international collaboration?

- We support the development of Compendium of Good Practices on Combatting Corruption in the Response to COVID-19, as well as to include COVID-19 crisis as anti-corruption priorities in the G20 ACWG Ministerial Communique.
- We suggest the Group to 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 lesson learned on enhancing anti-corruption measures during the COVID-19 crisis. Suggested topics are good practices in preventing corruption in the Covid-19 crisis and good practices in improving governance in public procurement during the crisis.

13. In your opinion, are there any new ways of working in the anti-corruption space which may be necessitated by the impact of COVID-19, in response to short or longer-term trends (e.g., conducting remote court hearings on corruption cases)? Please elaborate.

Yes. There are new approaches that can be explored in working on the anti-corruption space which may be necessitated by the impact of COVID-19, as follows:

1. In response to the Covid-19 outbreak, the court for corruption cases has started to conduct trials through video conference (vicon) since March 2020. This policy is part of the implementation of the Supreme Court Circular Letter No. 1/2020 on the Adjustment of the Working System for Judges and Court Apparatus to Prevent the Spread of COVID-19 at the Supreme Court and Subordinate Courts (<https://www.mahkamahagung.go.id/media/7294>). This includes the online examination of trial witnesses. When necessary, face to face witness/suspect interview is conducted with a strict Covid-19 Health Protocols. Public is able to

- access court judgements and monitor the court proceedings through the Case Tracking System (SIPP).
2. In addition, Indonesia has improved the transparency of law enforcement through the development of an application on online Order to Commence an Investigation (SPDP) in handling corruption cases. During the pandemic, the use of online SPDP has been increased.
  3. KPK has established Anti-Corruption Learning Center (ACLC) to support anti-corruption campaigns, education and dissemination. Amidst the pandemic, ACLC has been conducted many trainings and thematic online workshops for both internal and external parties, as well as certified Anti-Corruption Counsellors (LSP) through online platform. The learning materials can also be downloaded in the official website (<https://aclc.kpk.go.id/>).
  4. With regard to national and international cooperation, several activities such as regional coordination meeting, agency to agency cooperation, cooperation between law enforcement agencies and central authority, the signing of bilateral MOUs, bilateral and multilateral meetings, can be conducted through a secured virtual meeting and/or desk-to desk communication. These efforts may need to be continued to anticipate the second wave of the pandemic in the short term, and other catastrophic events in the future.

14. If possible, please outline measures which could be taken in your country to prepare for and safeguard against risks during future crises in terms of the anti-corruption response.

Anti-corruption measures that could be taken in Indonesia to safeguard against corruption risks during future crisis, inter alia:

1. Enhance accountability and transparency of each program and policy that have been established to handle Covid-19 crisis, as well as control of the economic recovery measures.
2. Ensure a risk-based approach applied to improve good governance in the private sector, business integrity and internal controls.
3. Encourage the public to report corruption through the existing reporting mechanisms and the law enforcement agency provide a follow up action on the reported misconduct.
4. Ensure that any policies during future crisis shall be taken with respect to the rule of law, and are in line with international anti-corruption standards and obligations.
5. Ensure the business continuity plan is well-established in the public organization to anticipate potential risks in the future.

15. If possible, from your own perspective, are there any areas of overlap between the ACWG priorities in 2020 and the response to the COVID-19 crisis, or other future crises which you would like to highlight? For example, has ICT been used to enforce anti-corruption controls during the pandemic? Would you consider including mechanisms for emergency

responses in your national anti-corruption strategy, if your country has one? Please elaborate.

Yes. We would like to emphasize the use of ICT to enforce anti-corruption controls during the pandemic as we find it highly beneficial. We would also like to include additional anti-corruption measures in handling COVID-19 crisis into our national anti-corruption strategy, especially for the 2021-2022 action plan.

## ITALY

### Questionnaire for the members of the G20 ACWG

Answers by Italy

August 2020

#### Introduction

Italy is one of the Countries most severely hit by the COVID-19 pandemic, with the number of infections having surpassed 257,000 and the number of deaths tolling above 35,400 as of 21 August 2020.

Regions in Northern Italy experienced the most severe outbreaks, putting local health systems under severe strain.

In a matter of weeks Italy went from the discovery of the first official Covid-19 case to a Government decree banning (with limited exceptions) all movements of people within the national territory and the closure of all non-essential business activities.

In particular, after the declaration of the state of emergency on 31 January, the Government decided a nation-wide lockdown as of 8 March, to better counter the spread of the virus. The relevant measures were progressively eased after two months.

Concurrently, the Civil Protection Department (CPD) and a Special Commissioner (SC) for the implementation and coordination of measures for containment and response to the Covid-19 emergency (*Commissario Straordinario*) have been tasked to coordinate the overall crisis response, including the procurement of necessary supplies.

With specific regard to procurement, the SC is tasked to ensure critical supplies through coordination and interaction with market players. He may also promote reconversion of industrial production to fill the needs and may order requisitions of assets and goods.

#### A. Corruption Risks during the COVID-19 Pandemic

1. Has your government assessed domestic or transnational corruption risks arising during the COVID-19 pandemic, either through a formal risk assessment or other informal means? If yes, please provide a summary of this assessment, or key findings (your answer

may include websites or sharing relevant documents such as anti-corruption plans to mitigate corruption risks arising in connection with the COVID-19 crisis).

In the most acute phase of the COVID-19 pandemic, the Italian **healthcare sector was exposed to the risks of fraud and corruption, especially regarding the acquisition of emergency-related supplies**, such as protective devices, medical equipment, medicines. The need for urgent interventions forced health structures and public administrations to purchase products without systematically checking the reliability of suppliers. **Scam schemes also affected the private sector**, mainly by offering counterfeit or non-existing health products or soliciting donations for charitable interventions related to the pandemic.

Significant risks have also been associated with the illicit acquisition of various forms of public funds in support of citizens and businesses, provided for by national and regional financial schemes. In this context, forms of corruption of public officials, politically exposed persons or companies connected to them could be aimed at ensuring preferential lanes for access to the mentioned financial resources even in the absence of the necessary requirements. The phenomenon of scam against the State, implemented through false certificates of possession of the requirements, also emerged.

**Organized crime infiltrations in the economy and business**, exhausted by a long period of inactivity, represented one of the most serious risks.

Companies are also particularly **vulnerable to usury**, which often becomes the means for a subsequent takeover of the business, facilitated by repayment difficulties.

Aside from the pandemic emergency, the Italian legal system is well equipped by strong ordinary measures to counter corruption. It may count, on one hand, on a specific, independent National Anticorruption Authority (ANAC), entrusted with the prevention of corruption and surveillance on public procurement; this asset pairs, on the other hand, with a fully independent public prosecutors' system that is mandated, under art. 112 of the Constitution, to prosecute any corruption phenomenon hypothesis set out under the Criminal Law Code.

Regarding potential risks occurring during the Covid-19 emergency, here follows **a survey of the main analyses and findings developed by the major anti-corruption institutions**. The analysis of data and information is pioneering a better knowledge of the new avenues of corruption, during and after an emergency scenario, thus enhancing detection and investigations.

On 21 August 2020, **ANAC released a vast cognitive survey on the call for tenders related to the pandemic**. Taking into account the socio-economic impact of the emergency, the **survey focuses on public expenditure nationwide for treating and stemming the contagion during its peak (1 March-30 April) which amounted to 5,8 billion €**. More than 40% of it has been contracted by the CPD and the SC. In order to grasp a detailed picture of the public spending related to the emergency, through a specific questionnaire **ANAC has collected answers from a sample of 182 contracting bodies** that called for bids in the same period, selecting the larger bids from each of these authorities.

The survey has exposed some hurdles that are currently under specific ANAC surveillance and oversight. Some of them may steer around administrative inspection or be reported by ANAC to the judicial authority for criminal investigation and prosecution.

This can be considered an effective **best practice to be shared with G20 partners**, according to question 11, since it **exposes with a high rate of transparency detailed information on the public expenditure related to the emergency and implements the criteria of public monitoring and surveillance over public resources**. The described new **modality of detection and appraisal of corruption schemes completes the traditional risk assessment channels**.

At the following link *Covid-19 Indagine conoscitiva ANAC sugli affidamenti connessi alla pandemia*, it is available the second phase report and relevant attachments (call for tenders, selected sample; census of questions and replies by contracting authorities; price analysis; summary of responses and contracting data). More information is given in n. 8.

Between the end of February and mid June 2020, **FIU Italy received approximately 350 Suspicious Transaction Reporting (STRs) directly related to the Covid-19 pandemic**.

Significant cases also emerged from exchanges with other FIUs. The analysis of the STRs confirms the emergence of all types of risks previously described. Anomalies were found in the supply of personal protective equipment both to private and public clients.

Numerous cash movements have also been detected, often related to the restrictions on individual mobility in the acute phase of the pandemic and the measures of social confinement, but could sometimes hide illicit purposes. In some cases, the subjective profile of the names involved and the operating methods suggested the possible involvement of organized crime and forms of usury.

The Italian **National Anti-Mafia and CounterTerrorism Directorate** (hereinafter DNA) during the emergency has **developed innovative forms of crime analysis and of coordination among specialized antimafia prosecutors**, moving from its already established database SIDNA.

The first DNA response to the COVID 19 threat for integrity of public administration and transparency of market and procurements focused on designing **strategies to prevent and counter the infiltration of mafias in the economy of the crisis**, during and after the pandemic.

Moving by two assumptions: a) we can have corruption without the mafia, but no longer have mafia without corruption, b) emergency becomes a source of income for organized crime, DNA has developed a context analysis on COVID 19 and **identified three main information channels to monitor**: 1) the health goods' market 2) the financial movements; 3) the quality of the subjects involved. In this framework, for instance, the DNA has **cross-checked the national and local Business Registers** to ascertain whether ad hoc companies had been created for the import/export of medical supplies.

The snapshot highlighted some **common features of infiltration flows** as:

- transnational character of the activities involving more than one Country;
- use of technology also providing e-commerce platforms;
- lack of a concrete and efficient beneficial ownership transparency.

It emerged that criminal organizations try to offer illicit goods and services based on the demand and use sophisticated mechanisms to manage the supply, also with the help of brokers and brokerage partners.

The DNA designed a **multilayers strategy with various stages of intervention**:

the pre-investigation allows to identify suspicious companies and to apply precautionary measures; the intelligence investigative activity, typical of DNA, makes it possible to identify suspicious instruments and operations; the National Antimafia Prosecutor, on the basis of the information collected on reporting suspicious transactions to the FIU Italy, requests formal investigations.

Many criminal organizations have created ad hoc companies also abroad for participating in tenders even by modifying the management, excluding people involved in previous investigations.

In this regard, the DNA underlined the **relevance of reports** from the Customs and Monopoly Agency, the FIU, the Financial and Tax Police (Guardia di Finanza).

In terms of best practice according to question 11, the **resilience and innovative investigation capability set out by the DNA** can also be highlighted.

These various forms of analysis are being complemented, at policy level, by the activity of a special Committee enshrined in the Antimafia Parliamentary Commission, to assess the risks of Covid-19 criminal infiltrations: *Criminalità e Covid: ecco i nove obiettivi dell'Antimafia a tutela dell'impresa*.

2. Has your government undertaken any previous corruption risk assessment which is relevant to activities being conducted, or risks present in the current pandemic situation or other emergency scenarios (e.g. an assessment of corruption risks in the healthcare sector which existed beforehand, assessment on emergency procurement processes, etc.)? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents).

ANAC has paid special **attention to the prevention of corruption in the health sector, well before the pandemic, for three main reasons**: the heinous feature of such phenomenon, its impact on the protection of citizens' health and on public resources allocated; last but not the least, the individual and collective rights to health protection, guaranteed by the Constitution.

In continuity with the *in-depth analysis carried out in 2015* (see pp. 39-50), specific thematic coordination set up by ANAC, the Ministry of Health and AGENAS (*Agenzia nazionale per i servizi sanitari regionali*) ensured an update: some areas were examined and further specific measures were developed, in light of the different professional experiences shared, with a view to gradually refine corruption prevention strategies that can be implemented in the National Health Service (SSN).

The health sector was deeply and systematically analyzed in the *National Anticorruption Action Plan of 2016*, pp. 79-112.

The first *protocol* between ANAC and AGENAS was signed in 2014.

The three above mentioned institutions created a *task force* to detect, investigate and prevent corruption in the health sector in normal times.

ANAC past President Raffaele Cantone focused health again as a risk area of corruption in his *2017 annual Report to the Parliament*.

3. Please outline the top 3–5 corruption risks your country has identified (both short and longer term) arising in connection with the COVID-19 crisis. Where possible, please indicate whether these risks were present and/or high prior to the onset of the pandemic. When outlining risks, you may consider the following (non-exhaustive) list:

- *Corruption and fraud risks in public procurement of medicines, medical supplies or any related goods or services* (this may include price gouging, bribery, self-dealing, and any other risks occurring specifically as a result of public procurement rules allowing for expedited delivery of goods/services during the pandemic).
- 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).
- 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.
- *Misdirection or exploitation of government funds* or other assets (e.g. PPE, ventilation equipment).
- *Fraudulent billing to the government* or insurance companies *for the provision of healthcare services*.
- Undue influence and conflicts of interest in healthcare provision and regulation (including drug development and market entry), policy-setting and evaluation.
- *Provision of counterfeit medical supplies* and / or medication.
- *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.
- Increases in COVID-19 related cyber-criminal fraud.
- Impeded anti-corruption enforcement actions due to the COVID-19 crisis.
- Impeded provision of international cooperation (e.g. mutual legal assistance) due to the COVID-19 crisis.
- *Exploiting the disbursement of national economic relief/rescue/stimulus packages*, including:
  - Officials soliciting bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Officials being offered, promised or given bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.

- Sexploitation (including sexual exploitation and sextortion) and abuse of vulnerable or marginalized communities in exchange for financial or in-kind support as part of economic/social support services.
- Schemes such as creating false or non-existent beneficiaries to embezzle stimulus / relief funds.
- Exploiting international financial aid related to COVID-19 or other types of support.
- 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.

The most recurrent corruption risks arising in connection with the COVID-19 that were observed in Italy are:

**Corruption and fraud risks in public procurement of medicines, medical supplies and related goods and services**

**Provision of counterfeit medical supplies**

**Misdirection or exploitation of government funds**

**Fraudulent billing to the government for the provision of healthcare services**

**Use of relief supplies by organized crime groups.**

Regarding the **exploitation of the disbursement of economic packages**, some schemes have been exposed which aimed at creating false beneficiaries to embezzle funds.

**Two additional comments** may be given on specific risks listed at n. 3.

**The first one is about the undue influence and conflicts of interest in healthcare** provision and regulation (including drug development and market entry), policy setting and evaluation. Although there is no evidence so far that it increased due to the COVID-19 crisis, the conflict of interest in general remains a sensitive issue for preventing corruption in the health sector. The emergency highlighted the need that the research and clinical trials be conducted expeditiously, while guaranteeing at the same time the independence of researchers and medical scientists.

Moreover, the considerable economic interests hovering this area request enhanced oversight so as to avoid that the researchers and medical scientists be in a position where their professional judgement on a primary interest (a patient's health or the truthfulness of the results of a research, or the impartiality of an information provided) is unduly biased by a secondary interest like personal gain, including an economic one.

**The second is about the provision of counterfeit medical supplies and/or medication.**

As underlined by the joint OECD-EUIPO Report Trade in Counterfeit Pharmaceutical Products, illegal markets of these products entice falsifiers, due to high profit margins, low risks of being identified and investigated, weak sanctions and the easiness of cheating on consumers.

Such products cause economic damage to the pharmaceuticals and become a serious threat to public health.

The **National Center for the Control and the Evaluation of Pharmaceuticals, within the High Health Institute** (Istituto Superiore di Sanità ISS), in its Report (available also in English)

*Recommendations on risks related to the online purchase of drugs for prevention and therapy of COVID-19 infection and to the dissemination of fake news about therapies on social networks*, Version April 16, 2020, has **monitored a thriving illegal market that is taking advantage of the emergency**, as a major threat for public health. The Report warns that criminals are capitalizing on people's fears by advertising and selling falsified treatments and medicines over the internet, through unauthorized online pharmacies. It gives advice on how to identify and assess the risks associated with the purchase of such products without prescription and summarizes the legal provisions about selling drugs online.

The study **scans the Internet for sites selling medicines for the treatment of COVID-19**. The search was performed using keywords both brand names and active ingredients of the medicines under testing in clinical trials or simply reported by the media.

This study represents the **third best practice** implemented by Italy in light of question 11 of this survey. It is **relevant also because cybercrime has quickly emerged as a risk area** that could have long-term implications for the growth of criminal markets. As a matter of fact, INTERPOL has issued a warning against frauds whereby people are tricked into buying non-existent medical supplies, making payments intended for medical care into accounts controlled by criminals. It is estimated that millions of dollars have already been lost by victims of such scams.

Since the outbreak of the pandemic, **detection and enforcement** of the corruption offences listed above are conducted by the **Carabinieri Special Unit NAS (Nuclei Antisofisticazioni e Sanità)**. NAS are distributed on the whole national territory; within their mandate they also carry out inspections on pharmacies and other commercial channels to check the regular selling of surgical masks, medical devices and personal protective equipment (PPE).

*(Emergenza coronavirus) Carabinieri Nas: contrasto alle frodi on-line e ai falsi farmaci anti-Covid.*

4. If possible, please provide examples of detected or suspected instances of domestic or transnational corruption or fraud, in line with the key risk areas mentioned in question 3. Please include a summary of the detected or suspected act, and how it was detected. Where such information is sensitive, please provide examples of the type of incident which has occurred.

During the COVID-19 pandemic, in coherence with the features of the detection and prosecution legal framework, based on the independence of attorneys and mandatory criminal action, several investigations in the main risk areas have been conducted so far.

Through the following links, information on open source is accessible regarding some investigations on COVID-related corruption cases:

[\*Emergenza Covid 19 - 2 arresti per corruzione;\*](#)

[\*Coronavirus, corruzione negli appalti di sanificazione anti Covid nel Torinese: tre arresti;\*](#)

[\*Ndrangheta, otto arresti a Milano: utilizzati i fondi Covid-19\*](#)

The most recurrent criminal/administrative offence observed is **corruption in procurement**.

Investigations show that the health sector, prone to corruption in normal times, has become more vulnerable in times of crisis especially with reference to the supply chains: the global supply chains were disrupted, stalled, or frozen and the markets become open to new suppliers without any form of control. The fast-paced situation has created, for instance, the risk of improper payments made to facilitate the transportation of product and equipment across borders.

At international level, in response to the new trend in counterfeit medical items sparked by the outbreak, **Italy participated in the INTERPOL-coordinated Operation Pangea** in March 2020, which saw authorities from 90 countries take **enforcement collective action against the illicit online sale of medicines and performance-enhancing drugs**, resulting in 121 arrests worldwide and the seizure of potentially dangerous pharmaceuticals worth more than 14 million \$. This can be taken as a first indication of the scale of online profiteering related to the pandemic, as the operation drew markedly greater results than similar operations conducted before the outbreak. *INTERPOL, Global operation sees a rise in fake medical products related to COVID-19, 19 March 2020.*

5. Are any longer-term trends in corruption risks beginning to emerge as a result of COVID-19 in your country that will need a new or improved anti-corruption approach in the future? Please elaborate on these trends, and the new or improved anti-corruption approach if possible.

Rather than a brand new corruption trend emerging in the aftermath of COVID-19, the crisis has confirmed the manifold risks of infiltration of organized crime in public tenders and in the economy in general.

Corruption and criminal exploitation are global public-health challenges because of their potential to fuel wider illicit market environments: in procurement, in diversion of funds, allocation of resources, and individual-level corruption of bribes paid for preferential medical treatment and the ability to flout quarantine restrictions.

Further alert stems from the difficulties that businesses and employees are facing as a result of the lockdown. Mafias can take advantage and become entrepreneurial to make the most of the simplifications of procedures, so as to easily access the call for tenders.

The implications of COVID-19 for governance, policing and the evolution of criminal markets are profound. The locking down of public movement and the sealing of borders have had an immediate impact on some criminal activities, which have slowed or stopped. Some organized crime activities have been constrained by social distancing measures and travel restrictions, and will take time to start up again. For instance, while it seems to be too early to tell what the longer-term impact on rates of violence may be, in the short run constraints on the freedom of movement of Mafiosi are tightening.

In Italy, a long-hunted mafia boss – Cesare Cordi of ‘Ndrangheta – was arrested by police for breaching lockdown restrictions (*Coronavirus lockdown helps Italian police capture ‘leading’ mobster Cesare Cordi*, 13 March 2020).

Meanwhile, reports have underlined that criminal groups have exploited confusion and uncertainty to take advantage of new demand for illicit goods and services.

Criminal expediency may emerge further as the crisis unfolds. A kind of infiltration may attempt to move close associates in key positions within hospital management and health departments; case studies show that criminal networks are able to divert investments originally aimed at providing financial resources, equipment and essential supplies, and influence procurement, commercial agreements and recruitment processes within the healthcare system.

## B. Anti-Corruption Controls during the Pandemic

6. What are the anti-corruption controls, safeguards, and measures that your government has put in place to address corruption risks identified in section (A)? Please highlight any special measures or procedures that have been introduced during the pandemic (e.g. telephone hotlines to report corruption in the allocation and disbursement of crisis response funds, an interagency cooperation taskforce among anti-corruption authorities, cooperation across international borders, ex-post facto audits of crisis related spending, publishing the beneficial ownership information of companies awarded public contracts, etc.) ?

### Procurement

For matters of urgency, the emergency tenders in the first weeks were managed by Consip (*Concessionaria Servizi Informativi Pubblici*, a SOE owned by the Ministry of Finance and specialized in public procurement: details at *Gare Covid-19*). In a second stage (from early March) the CPD and the SC took over directly the contracting powers.

Since a series of derogations were introduced to the Public Procurement Code (Legislative Decree No. 50/2016), derogations adopted in compliance with the EU legislation and in particular with the Communication *Guidance from the European Commission on using the public procurement framework in the emergency situation related to the COVID-19 crisis* (2020/C 108 I/01, 1 April 2020), ANAC has developed significant efforts to guarantee the legality of tender procedures; ANAC tried to **balance the supervision of tenders in the emergency phase with the**

**need of speeding up the acquisitions** (see *Report to the Parliament 2019, 2 July 2020: L'Autorità e l'emergenza COVID*).

ANAC has governance, supervisory and inspection powers for public procurement in Italy. As said before, it is independent from the Government.

These competences are completed by a **systematic monitoring activity through the collection of data on call for tenders and on the bidding companies**: to this aim ANAC manages the **Observatory for public contracts**. The relevant **data are made public** through ANAC institutional website, in order to increase market transparency. ANAC was the **1<sup>st</sup> classified in the 2018 European Commission Award Better Governance through Procurement Digitalization** in the category of National Contract Registers.

**In response to the COVID-19 crisis**, ANAC issued Resolution n. 268 of March 19, 2020 detailing a number of administrative simplifications and suspensions of deadlines upon the contracting bodies for the fulfilment of reporting obligations to the Authority itself. ANAC provided guidance to ensure a homogeneous behavior by contracting authorities in the management of tendering procedures and in their execution phase. In particular, it assesses the impact of the suspension of procedural deadlines also with respect to the different phases of the tendering procedures and the different types of tenders.

In order to address the unjustified rise of prices of goods purchased in the emergency, ANAC has carried out a monitoring of economic conditions aimed at providing benchmarking guidance to contracting authorities (see also n. 1 and 8).

The main derogations to the Public Procurement Code, for instance allowing in-advance payments of suppliers, have been applied in a restrictive manner. The Ministry of Justice on its part clarified that such practice should be used with caution and adequate justification, whereas the verification of requirements for suppliers has been simplified.

For a detailed description of the procurement process in Italy during the most acute phases of the COVID crisis, see also:

<http://www.oecd.org/coronavirus/policy-responses/stocktaking-report-on-immediate-public-procurement-and-infrastructure-responses-to-covid-19-248d0646/#section-d1e3754>.

On May 2, 2020, ANAC published a **handbook** addressed to contracting authorities with the purpose of accelerating and simplifying the management of public procurement procedures during the COVID-19 pandemic.

In this regard, the handbook provides an overview of existing legislative provisions on public procurement in order to support contracting authorities in dealing with the current emergency and in all cases where it is necessary, to the extent permitted by the law, to accelerate or simplify public tender procedures.

In particular, among the various operational solutions suggested for the current health emergency, the **handbook focuses on the use of legal instruments already available under the relevant regulatory framework** also indicating, where needed, the specific conditions for their application; said solutions include

facilitated awarding methods, such as the direct administration, the direct award and the negotiated procedure without publication of the call for tenders; the reduction of deadlines for the submission of tenders; the early execution of the contract and the early performance of the contract as a matter of urgency.

### **Transparency**

Among the **measures implemented during the pandemic**, those related to **transparency** should be highlighted.

In the CPD website, it has been created a special section, *Emergenza Coronavirus: la risposta nazionale*, where all updates are published.

In this framework, besides a fundraising page for collecting offers for the purchase of medical or protection devices and for the sanitary personnel who lost their lives combating the Sars-Cov-2 virus, there is a dedicated page which enables the consultation of the system “*Analisi Distribuzione Aiuti*” (ADA). It is a **geo-referencing database on the distribution and delivery of medical equipment and supplies, updated in real time**. ADA system has been developed by the SC staff: *Emergenza coronavirus: la mappa dei materiali distribuiti*.

### **Conflicts of interest**

The outbreak of the pandemic has also triggered modifications to the legislative **regime of potential conflicts of interest concerning clinical trials of drugs and pharmaceuticals for human use** (see Art.11-bis, Law 17 July 2020 n. 77): the preliminary condition of the absence of certain situations of interest has been replaced by the **need of a prior assessment of the concrete situation by the Ethics Committee of the NHS and research body concerned**, both at the stage of formulating the advice on the trials and at later stages. The **Ethics Committee is also requested to check the absence, in the pharmaceutical company owner of the tested product, of shares capital of the experimenter** and of his/her partner.

### **AML: the FIU-Italy's experience in the pandemic**

In April 2020, the Italian FIU issued a Communication to **raise awareness of the reporting entities on the risks associated with the pandemic and its economic and financial consequences** and to facilitate the **detection and prompt reporting of new types of suspicious behaviors** that could continue to emerge in the near future.

Steps have been taken to enhance the cooperation with other authorities and institutions involved in the AML/CTF system. Methods of selection, classification, analysis and sharing of STRs more directly linked to the health emergency were immediately agreed with the investigative bodies, which allowed them to start investigations and prosecutions. According to the rules governing the cooperation between FIU Italy and the National Anti-Mafia Directorate (DNA), measures were also taken to immediately and systematically check the presence, in the DNA databases, of people mentioned in the COVID-related STRs, and to share their names with the competent Law Enforcement agencies.

### **Out of the box initiatives/best practices**

In response to the calls and incentives by the SC to **shift production** of Italian industries to fulfil the needs for medical equipment, Italian suppliers have responded to jointly address the emergency. Specifically, as per the Decision (*Ordinanza*) of the SC, 50 million € of incentives are made available to businesses for the production of medical equipment and PPE, as well as reconversion of existing facilities. Surgical masks and personal hygiene products are among the most requested items.

The case regarding the **production of ventilators** can be considered a **best practice** as requested at n. 11. The only Italian manufacturer of lung ventilators, located near Bologna, suspended deliveries abroad to target the Italian market only. Early March the CPD and the SC **identified this company as a critical supplier**. They entered into a **direct commercial agreement with the company, an example of a public-private joint venture involving a partner with a solid corporate reputation**. With the support of 25 technicians sent to the plant from the Ministry of Defence, production of ventilators needed for the intensive care ramped up. Furthermore, a second company quickly started production of a double ventilator in cooperation with the former. Other companies have increased production to support Intensive Care Units (ICU) and equipment for camp hospitals.

Other deliveries of critical supplies have been finalized thanks to the collaboration of the Ministry of Foreign Affairs, the Guardia di Finanza (Italian Financial Police) and the Customs and Monopoly Agency.

Finally, it should be highlighted that the **Court of Auditors**, an independent accountant jurisdiction which also enjoys powers to oversight and control public budget, is preparing an **external audit on the use of public resources during the COVID emergency**.

#### **Cooperation across international borders**

Also at the **international level**, ANAC has been active by **addressing the emergency in the areas of its responsibility**, in line with art. 6, para 3, UNCAC and Act n. 190 of 2012 (art. 1, para 2, let. a), according to which the Authority collaborates with peer foreign bodies, as well as with relevant international and regional organizations.

Within the GRECO/Council of Europe Network of Corruption Prevention Authorities, ANAC steered the unanimous adoption of the **Statement “Corruption prevention must play a key role in the global response to Covid-19”**. The statement provided on-time recommendations on how to strengthen best corruption-prevention instruments, while facilitating swift and efficient actions on the health and procurement side. The statement recalls also the GRECO President's statement<sup>1</sup> that the COVID-19 outbreak increases corruption risk because “*countries face undeniable emergencies, concentration of power, derogation of rights and freedoms, and as large amounts of money are infused into the economy to alleviate the crisis corruption risks should not be underestimated*”.

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<sup>1</sup> <http://www.coe.int/en/web/portal/-/covid-19-pandemic-greco-warns-of-corruption-risks>

In the framework of the participation to European initiatives, as a part of an EU project to **strengthen the network of officials** Responsible for Anti Corruption and Transparency in the public administration (RPCTs), ANAC organized a webinar on COVID and anticorruption tools as a first attempt to create spaces of discussion and exchange of best practices among RPCTs.

Since the outbreak of the pandemic, in coherence with its spirit of cooperation and traditional friendly diplomacy as well as with its technical assistance capabilities, Italy put its experience immediately at disposal of other Countries: numerous requests of **capacity building and law enforcement** were received and addressed. It is worth mentioning the set of initiatives called **CANAL COVID**, developed within the Italian participation to European cooperation programs (EL PAcCTO and EUROFRONT) in the field of justice and security. Such initiatives are oriented to Latin American and Caribbean Countries and **based on sharing information and experiences on laws and administrative actions to mitigate the risk of corruption in crisis-related procurement, improve management of border controls and strengthen international cooperation in the fight against the smuggling of health products**. The actions developed in this framework created strategic communication channels among institutions and Law Enforcement Officials of various regions (police and security forces, public prosecutors, prison administrations and others) to share experiences and good practices in the fight against COVID-19. **CANAL COVID is considered a good practice**.

#### **References/useful resources**

*Aid Distribution Analysis ADA*, website powered by the CPD and the SC detailing the distribution of goods to address the emergency

*The Centre for Research on Health and Social Care Management (CERGAS) linked to Bocconi School of Management* created an Observatory on COVID-19 pandemic in Italy.

7. Does your government have any specific legislative / governance procedures in place to allow for timely public procurement in emergency situations? If so, please describe these briefly below. If not, how is emergency public procurement during the Coronavirus pandemic taking place / how did it take place and what anti-corruption measures were adopted?

Any Italian contracting authority shall be compliant to the public procurement procedure set out under Legislative Decree n. 50/2016 (Public Contracts Code) implementing 2014/24/UE Directive.

#### **The Special Commissioner for COVID-19 emergency**

On March 17 the Government set up a Special Commissioner for COVID-19 emergency (Article 122, c. 2, D.L. 17 March 2020, n. 18, which has been converted into law, with amendments, by Article 1, paragraph 1, of 24 April 2020, n. 27). The Commissioner was appointed on March 18. The SC manages any intervention useful to deal with the health emergency, planning and organizing activities, identifying the needs, directing

human and instrumental resources and proceeding to the acquisition and distribution of drugs, medical equipment and devices and individual PPEs, in conjunction with the head of the CPD. It also provides for the expansion of hospital facilities, including through the allocation of infrastructure equipment, with particular reference to intensive and sub-intensive care units, the requisition of mobile and real estate assets and implements useful interventions to preserve and enhance the production chains of the goods needed to the fight and containment of the virus.

It can provide for the construction of new factories and the conversion of existing ones for the production of goods, including by organizing the necessary fundraising and defining ways in which private funds for the emergency are acquired and used.

The SC is also responsible for organizing and carrying out the preparatory activities for the granting of aid to deal with the health emergency, by the relevant national and European authorities and monitors the implementation of these measures. It then provides for the coordinated management of the European Union Solidarity Fund (EUSF) and the resources of the Development and Cohesion Fund for emergencies. The Commissioner works with the regions and supports them in the exercise of their competences for health protection. At the request of the regions themselves, it can take the necessary measures as a matter of urgency to deal with any kind of emergency. The Commissioner's office is free of charge and ends at the end of the emergency.

Please see: [\*CSCovid19 Commissario\*](#).

The Special Commissioner proceeds to enter into public contracts, through the use of negotiated procedures without publication of the tender call, under article 32 of the 2014/24/UE Directive.

The SC, through Invitalia S.p.A. (qualified Contracting Authority and Central Purchasing Body which provides the Commissioner of specific auxiliary services i.e. ICT infrastructures and related services), published also two market surveys and consultations to better understand the intensive therapy market. Following such preliminary consultation, the SC sends an invitation to bid to competitors who had notified their availability to participate in the subsequent phases of the procedures. This specific procedure envisages a prior recognition on how the market is formed in relation to a specific business. Only after the acquisition of the relevant information about the technical characteristics of the products by the competitor which had expressed its interest for the call, and assessed the affordability of interested companies, the competitive phase shall take place.

Moreover, to deliver the **highest possible degree of transparency in the awarding procedure**, as dictated by the anti-corruption Act (Law 190 of 2012), the SC **implemented an ICT platform enabling the assessment, among the offers received for each commodities sector, of the most appropriate to match the needs from time to time occurred**. Each potential supplier has to register itself to the platform, communicating any kind of company information and relevant data. Only registered entities are entitled to submit an offer.

**Each contract is bound to a specific tender code (CIG: Codice Identificativo Gara)** provided for by ANAC. This code is needed to trace each payment under a contract, as

established under Law n. 136/2010 which requests to ensure the traceability of cash flows. In each contract undersigned the supplier acknowledges that, in case of breaching of traceability clause, the contract is immediately terminated and deemed as null and void.

The need of speeding up the procedure to face the emergency pairs with the need to **ensure compliance with internal rules on anti-corruption, anti-mafia and the traceability of cash flows**, through the acquisition, during the contracting, of self-declarations under the law (D.P.R. 28 December 2000, n. 445):

- on the possession of the **affordability and morality requirements to contract and bargain with the Public Administration**, in conformity to article 80 of the Public Contracts Code 50/2016;
- for the purposes of the **census in BDNA** (Antimafia National Database) in accordance with the D. Lgs. 159/2011 on anti-mafia.

Other **controls are carried out on the products purchased**, aiming at combating fraud in commerce, in relation to the compliance of such products to the technical characteristics agreed under the contracts undersigned. These controls are implemented by the Scientific and Technical Committee and by *Istituto Nazionale Assicurazione Infortuni sul Lavoro* (INAIL), as established under D.L. 17 March 2020, n. 18.

Each contract undersigned can be terminated in case of non-compliance to the minimum technical requirements agreed under the contract. In such case, no payments shall be executed, without prejudice for the greatest damage arising in case of breaches.

8. Do any mechanisms exist in your jurisdiction which are specifically-designed to monitor procurement activity during any public emergency, including the current COVID-19 pandemic? Please elaborate.

In light of the emergency, as announced above n. 1, ANAC conducted a **sample survey about contingency supplies and services awarded by Italian contracting authorities to contain the COVID-19 contagion**.

The analysis highlights the key role played by the SC as a contracting body that managed more than one third (35%) of the global national expenditure for COVID emergency. Another relevant portion of tenders has been implemented by the CPD. Centralized acquisition procedures amount to 78,4% of the overall expenditure: this outcome is encouraging indeed, bearing in mind that often central purchasing bodies and aggregators may imply a significant degree of complexity and extension of times, whereas in a contingency time factor is vital.

The survey has also identified some points that may represent **lessons learnt**: extreme variety of prices, namely for the IPD; sometimes the checks on the possession of general requirements by bidding competitors gave negative advice; sometimes the offering companies were unable to provide solid guarantees of technical capability and robust economic and financial situation. Finally, it was also observed that some

supplies were not on time or had different technical features than those required by the contracting body. In the previous case, the supplies were significantly delayed by customs blockage and scarcity of raw materials, on grounds not depending on the supplier.

9. How effective do you believe the domestic anti-corruption controls referenced in questions 6-8 in this section have been, and what have been the main challenges?

Italy has effectively reacted to the emergency by setting up a functional and articulated system to manage the crisis: the limited subsequent development of the pandemic after May 2020 confirms the positive overall response.

Being the first Western and European Country heavily hit by the pandemic, Italy could not rely on lessons learnt or best practices by other partners: Italy built its own new model as described in detail under the answers to points 6 to 8.

The main challenge of the Italian response to the COVID-19 related corruption risks revolves around sound procurement management and an effective prompt detection and investigation/prosecution capabilities.

The tools described to monitor procurement subjects and proceedings played a crucial role in the emergency response; they also contributed to maintain trust in the public sector and resilience in the most affected sectors.

10. If possible, please provide an overview of how non-governmental stakeholders (e.g. civil society and the media) have supported oversight efforts to detect fraud and corruption during your country's response to the pandemic. Are there any specific policies and practices your country has in place to facilitate these efforts?

**The Italian civil society and the media - especially investigative journalists - have been very active during the emergency.**

They have presented some example of activities **where civil society had an impact**:

- as in several other European Countries the right to access information (FOIA) was suspended by the Government. Transparency International Italia and several other CSOs raised the public awareness on the negative impact that this measure could have. The campaign for re-establishing the right to information gathered a lot of attention; the civil society asked the public administration to improve the active transparency efforts during the period of suspension of the right to information in order to allow the public oversight. Some institutions, as the CPD, improved the quality of the published data.

- Transparency International Italia launched a campaign for the publication of open and machine-readable data on the diffusion of the pandemic, mainly targeted to the Regions: *Presidenti delle Regioni aprite i dati sul Covid-19*.

TI-It and the other partners tried to engage the OGP Team of the Ministry for the Public Administration, but the feedback to the campaign was too late - the answer by the Team arrived more than a month after the request by CSOs - and Regions still publish incomplete and non-reusable data.

- Transparency International Italia organized 5 webinars on how to enforce public oversight. More than 100 people attended the webinars.
- Transparency International Italia published a specific map of the main risks related to the management of the pandemic. The paper had a wide diffusion and was delivered to all public health authorities through the Healthcare Integrity Forum of TI-It.

On the **whistleblowing** front, **ANAC supported the advocacy of civil society** calling for strengthening the protection of whistleblowers. Such instrument must be preserved in times of emergency, when transparency standards may dim. An example of the civil society initiative is the *manifesto "Giustitalia" patto per la ripartenza*, adopted by *Libera* and many other CSO entities. The public sector is urged to become proactive and take advantage of reports by whistleblowers since they may help avoiding further prejudices to public health as well as the mismanagement of public resources.

11. Considering your responses to questions 6-10 of this section, which of such measures and processes would you consider good practices to be shared with the G20 ACWG?

As described so far, Italy developed several good practices in this area to be shared with the G20 ACWG:

1. The balance between the supervision of tenders in the emergency phase and implementing adequate checks with the need of speeding up the acquisitions. This has been a primary objective for ANAC, CDP and the SC.
2. The systematic monitoring activity through the collection of data on call for tenders and on the bidding companies and the specific sample survey operated by the ANAC Observatory for public contracts.
3. Transparency measures: in the CPD website, it has been created a special section, Emergenza Coronavirus: la risposta nazionale, where all updates are published. The same occurred for tenders managed by Consip.
4. Modifications to the legislative regime of potential conflicts of interest concerning clinical trials of drugs and pharmaceuticals for human use, that has been revised (Art.11-bis, Law 17 July 2020 n. 77).
5. The DNA sharpened its analytical tools about organized crime infiltration in the economy of the crisis also through corruption, enhancing the specialization of detection and prosecution skills and strengthening the exchange of information with public prosecution offices and other law enforcement bodies.
6. FIU Italy issued a Communication to raise awareness of the reporting entities on the risks associated with the pandemic and its economic and financial consequences and

to facilitate the detection and prompt reporting of new types of suspicious behaviors that could continue to emerge in the near future.

7. The Court of Auditors is committed to carry out an external public audit on the use of public resources during the COVID emergency.

8. The so called "CANAL COVID", developed in the framework of EU programs as EIPAcCTO and EUROFRONT, created strategic communication channels to exchange experiences on laws and administrative actions to mitigate the risk of corruption in procurement related to the pandemic economy, the management of frontiers and the international cooperation to fight the smuggling of health products.

12. In your opinion, how can the G20 countries work collectively to address corruption risks arising in connection with the COVID-19 crisis, both with respect to national efforts and international collaboration?

The COVID-19 crisis has exposed the general risks associated with the **difficulty of checking the Beneficial Ownership Transparency (BOT) of potential suppliers in case of emergency procurement**. In the Italian experience, a major risk comes with the attempts of organized crime to infiltrate public procurement.

Another area to address is the **infiltration of organized crime through corruption in public procurement during an emergency**. G20 may work to improve ways for LEAs to analyze relevant trends and exchange good practices of detection, investigation and prosecution.

#### **Responses to the COVID-19 emergency in the AML/CFT context**

The main international and European anti-money laundering bodies have been active in highlighting the risks of criminal infiltration into the economy in the COVID-19 emergency, and appropriate actions and countermeasures.

In line with the indications of the FATF (Statement of 1 April 2020, policy paper of 4 May 2020), many FIUs developed specific alerts, typologies, case studies or indicators connected to COVID-19, aimed at raising the awareness of the obliged entities on (i.a.) fraudulent transactions specifically related to the supply of medical materials or to the sale of emergency-related materials.

The FIUs of the European Union promptly started a close coordination, sharing experiences, schemes and indicators. Bilateral cooperation among FIUs intensified with exchanges of targeted information and sharing of cases of "cross-border" financial activity. Numerous STRs and financial analysis shared by FIUs related to frauds in the trade of health products and personal protective equipment.

Therefore, in the future the G20 and the international community at large should **strengthen the exchange of information and collaboration to address corruption and AML**, also in the aftermath of an emergency like COVID-19.

Another area to further develop is the **international police cooperation**, starting from the annual operations set up under the aegis of Interpol, called Pangea: in this framework the member countries conduct activities against illicit trafficking of drugs

and doping agents, also exchanging real time informations through harmonized procedures and channels. Cooperation in detecting and enforcing emergency-related crimes may also be significantly leveraged by **Europol** which has a great untapped potential in terms of effective law enforcement agency. This kind of collaboration could be strengthened.

13. In your opinion, are there any new ways of working in the anti-corruption space which may be necessitated by the impact of COVID-19, in response to short or longer-term trends (e.g., conducting remote court hearings on corruption cases) ? Please elaborate.

There is broad international consensus that **ICT** is one the most promising tools for building integrity and transparency, including in times of pandemic. The **support to the use of technologies as a corruption prevention enabler** has been acknowledged by several multilateral fora, which call States to make full use of digital tools to promote effective management and efficient disbursement of crucial financial resources.

In this context, **ANAC launched a study on *Using technologies for the prevention of corruption***. According to its terms of references, the paper should **address new digital-based tools, including apps, as well as innovative use of existing techniques that accelerate, extend, facilitate or otherwise improve corruption-prevention mechanisms** (such as increase transparency and accountability; promote citizens and/or wider, deeper or more effective checks) and support for municipalities and local administrations.

The study should **focus on data mining and experience sharing**; use of blockchain system; use of mobile application for whistleblowing; collaboration platform for anti-corruption stakeholders in regard of public policies assessment; electronic connectivity; use of IT tools in corruption risk-management and in election campaigns; e-learning solutions for enhancing anti-corruption training in the local public sector; detecting anomalies in firms' ownership structure; and the use of open data on public market to detect and prevent corruption.

14. If possible, please outline measures which could be taken in your country to prepare for and safeguard against risks during future crises in terms of the anti-corruption response.

The pandemic brought ANAC to reassess the **relationship between simplification, digitization and transparency, with a view to promoting innovation and efficiency in the management of public purchasing processes**. From the existing framework of legislation, it has already identified concrete tools and actions to simplify procurement management, remove obstacles to full digitisation of tenders and increase transparency. The **principle of a single submission of data, already provided for by the Code of Public Contracts, streamlining the communication obligations and making more broadly available information on public procurement to institutional bodies and citizens**, is an area to address in the near future. Pending the completion

of the database of economic operators referred to by Art. 81 of the Code, a major improvement should come from the **significant reduction of the terms to appraise the general requirements in a tender won by an economic operator already positively checked in a previous tender** within a predefined time interval.

15. If possible, from your own perspective, are there any areas of overlap between the ACWG priorities in 2020 and the response to the COVID-19 crisis, or other future crises which you would like to highlight? For example, has ICT been used to enforce anti-corruption controls during the pandemic? Would you consider including mechanisms for emergency responses in your national anti-corruption strategy, if your country has one? Please elaborate.

Italy developed a specific ICT program, called *Innova per l'Italia*, to accompany public efforts to counter the COVID crisis. *Innova per l'Italia* was not designed to be part of the anticorruption strategy. It is however worth mentioning since it is a joint initiative of the Minister for Technological Innovation and Digitization, the Minister of Economic Development and the Minister of University and Research, together with Invitalia and the Agency for Digital Italy, in support of the SC team, in an effort to put technology, research and innovation at the service of the response to the pandemic, in a timely manner. The program has issued several calls to companies, universities, public and private research bodies and entities, as well as associations, cooperatives, consortia, foundations and institutes that, through their own technologies, can provide devices for the prevention and diagnosis and data technologies to facilitate the containment, monitoring and counter-action to the spread of the Coronavirus on the whole national territory.

*Innova per l'Italia* has been a repository for “calls to action”, in order to respond to the specific needs of other institutions and bodies (Ministries, CPD, etc.). Three calls for services and technologies in the following specific areas have been published on the dedicated website.

Requirements for participation have been established, mainly in terms of production availability and readiness and speed of industrial conversion. All the proposals have been assessed by the team of the SC. The process has proceeded in accordance with scientific evidence and certification and in compliance with the World Health Organization’s standards and guidelines.

In order to guarantee both timeliness and transparency, a dedicated Task Force has been set up to evaluate the proposals received in reply to the fast calls. The TF has consistently published its working documents on GitHub. It aimed, inter alia, at identifying *Emergency Governance Technologies* (particularly contact-tracing) and therefore assessed 319 technology solutions received in reply to the second fast call for contribution (data analysis). The solution assessment has been divided into three consecutive levels, starting from a general screening of all the proposals and allowing to select down just two technological proposals, which have been considered theoretically valid to be tested for the purpose of implementation in the current emergency situation. The mobile application “*Immuni*”, chosen and launched by the

Italian Government for contact-tracing in the pandemic, has come out of this selection process as the best available solution.

# JAPAN

## 15-1 Maintenance of Ethics

### To Maintain the Ethics of National Public Employees

The rules for the ethics of national public employees are stipulated in the National Public Service Ethics Act and the National Public Service Ethics Code. In addition, the National Public Service Ethics Board is established within the NPA as an independent agency specializing in such administration.

#### System for the Maintenance of Ethics



▲The National Public Service Ethics Board (Board members from left; Ms. Aoyama, Mr. Maeda, Mr. Koeda(President), Ms.Sendo, Mr.Tachibana(Commissioner of the NPA))

#### Standards of Ethical Conduct

- Employees shall execute their duties fairly, recognizing that they are public servants of all citizens.
- Employees shall not utilize their duties or positions for private interests.
- Employees shall not conduct any acts that may bring about suspicion or distrust from the citizens.
- Employees shall devote their utmost effort with the aim of promoting public interests.
- Employees shall conduct themselves always being aware that their acts may influence the trust in public service while off-duty.

#### Overview of Rules for Conduct

The following acts are prohibited with "interested parties" (including applicants for permission and authorization or a counterparty to a contract, etc.):

- Receiving money, goods, etc.
- Receiving money loans
- Receiving free transportation, etc.
- Receiving an entertainment or a treat such as wining and dining (Employees may dine together with interested parties as long as they pay for themselves.)
- Playing games/golf or taking a trip together

Even from those who are not "interested parties," employees shall not receive an entertainment or a treat exceeding the limit of socially accepted convention.

## Overview of Rules for Reporting

National public employees are obligated to make three types of reports as follows.  
The Ethics Board receives and examines the reports in light of fairness in execution of duties.

- ① Reports on receipt of gifts, etc. A report shall be submitted by the employees at the rank of Assistant Director and above at HQ with respect to the receipt of gifts, etc. exceeding 5,000 yen in value.
- ② Reports on share dealings, etc. A report shall be submitted by the officials at the rank of Deputy Director-General and above at HQ.
- ③ Reports on income, etc. A report shall be submitted by the officials at the rank of Deputy Director-General and above at HQ throughout the previous year.



The Ethics Board is taking various measures to maintain employees' ethics pertaining to their duties focusing on "Cultivation of Employees' Ethics Awareness", "Creation of an Ethical Organization Environment" and "Strict and Expedited Actions towards Violations of the Ethics Act, etc." as the main pillars.

### Cultivation of Employees' Ethics Awareness

- Holding of round-table conferences with Deputy Vice Ministers of ministries or heads of regional offices, and meetings targeting officials in charge of ethics in each ministry
- Implementation of the explanatory meetings concerning the ethics system (10 locations nationwide)
- Dispatch of instructors for the training on ethics
- Development/distribution of study materials for various training programs
- Production of video training materials in a drama style and distribution of the materials on video distribution sites
- Implementation of "National Public Service Ethics Week" (every December)
- Holding of "Public Service Ethics Seminars" (about three times a year)



▲Poster for "National Public Service Ethics Week" in FY 2018



▲Study Materials for Training Programs



▲Public Service Ethics Seminar

## 15-2 Maintenance of Ethics(contd.)

### Creation of an Ethical Organization Environment

- Establishment of Public Service Ethics Hotline
- Support for the Cabinet Office and all ministries to create an ethical organization environment
- Support for developing a system of consultation/reporting counters established by the Cabinet Office and all ministries and for publicizing/utilizing the counters
- Request to take measures to create workplace environment where employees can seek consultation easily

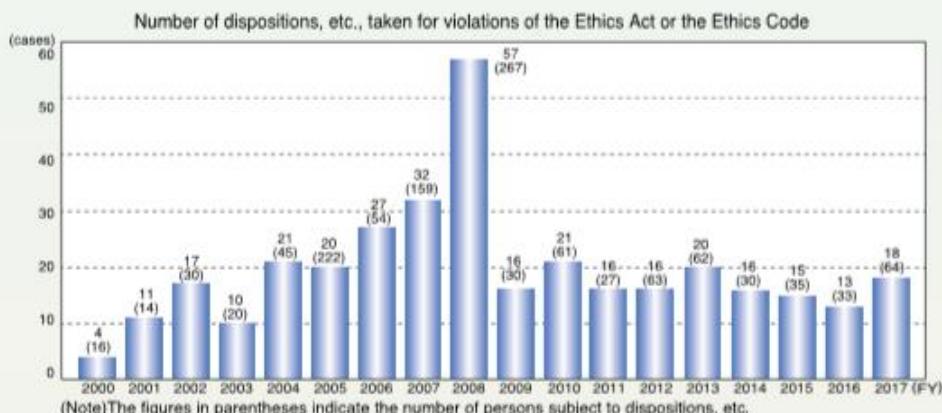
### Public Service Ethics Hotline

Phone: 03-3581-5344  
Fax: 03-3581-1802  
Web: <https://www.jinji.go.jp/rinri/tuoho/tuoho.html>\*  
Address: 1-2-3 Kasumigaseki, Chiyoda-ku, Tokyo 100-8913  
Secretariat of the National Public Ethics Board  
attn: Public Service Ethics Hotline  
\*The hotline accepts anonymous consultation and reporting.  
\*All possible measures are taken so that those who made reports to the Hotline won't receive disadvantageous treatments, for instance through ensuring that any personally identifiable information, such as names, will be kept within the Ethics Board.

\*Japanese page only

### Strict and Expedited Actions towards Violations of the Ethics Act, etc.

- Investigation, implementation of disciplinary proceedings, approval of disciplinary actions for violation cases of the Ethics Act or the Ethics Code
- Sharing of the points of attention and the preventive measures against violation with the Cabinet Office and all ministries



### Public Relations Activities and Opinion Hearings

- Public relations activities targeting business operators, who are opposite parties for the duties of national public employees
- Hearing of opinions for reference regarding measures for maintenance of ethics (e.g. holding round-table conferences with intellectuals, implementing various surveys)

# JORDAN

## Questionnaire for the members of the G20 ACWG

### A. Corruption Risks during the COVID-19 Pandemic

1. Has your government assessed domestic or transnational corruption risks arising during the COVID-19 pandemic, either through a formal risk assessment or other informal means? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents such as anti-corruption plans to mitigate corruption risks arising in connection with the COVID-19 crisis).

Yes, the Hashemite Kingdom of Jordan has found itself obliged to resort to exceptional legislation as well to activate it in order for the state institutions to be able to deal with it, and accordingly, the Defense Law of 1992 has been activated, which stipulated in its second article that it can be activated within certain cases, including the spread of a specific epidemic.

This law also puts in place the necessary means and tools that the relevant authorities can take to maintain public safety, those measures that are undoubtedly exceptional are only applied during the pandemic and are stopped upon completion.

2. Has your government undertaken any previous corruption risk assessment which is relevant to activities being conducted, or risks present in the current pandemic situation or other emergency scenarios (e.g. an assessment of corruption risks in the healthcare sector which existed beforehand, assessment on emergency procurement processes, etc.)? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents).

Yes, in 2017

The Integrity and Anti-Corruption Commission of Jordan in close co-operation with SIGMA (Support for Improvement in Governance and Management), a joint initiative of the Organization for Economic Cooperation and Development (OECD) and the European Union have been conducted a review of the Jordanian public procurement system to identify the main integrity risks in the system and to develop recommendations for mitigating these risks. The result of the joint efforts of SIGMA and a Jordanian project team composed of the representatives of the relevant stakeholders is a report that was presented to the wider public on 30 January 2017.

The Report on the Integrity Risks Assessment in the Jordanian Public Procurement System analyses the integrity risks in the Jordanian public procurement system and also sets up recommendations how to mitigate these risks and shortcomings in the legislative and institutional framework. The report is available in English and in Arabic on the webpage of the Integrity and Anti-Corruption Commission.

The report has been based on four main pillars, including the policy and legal framework, the institutional framework, the operational capacity and market functionality and the control, monitoring structure and integrity mechanisms.

The recommendations in the report constitute a strategy for dealing with what the review has identified as the main integrity risks in the Jordanian public procurement system. A supplementary effect of implementing this strategy, in addition to mitigating corruption risks, would be a general improvement in the efficiency and integrity of the Jordanian public procurement system as a whole.

Public procurement is one of the key means by which public money is spent. Public procurement refers to the purchase by governments and state-owned enterprises of goods, services and works. Public procurement is estimated to account for 12% of gross domestic product (GDP) and 29% of general government expenditure in OECD countries in 2013, around EUR 4.2 trillion. In Jordan, almost 40% of the state budget is spent through procurements. This substantial portion of taxpayers' money requires that governments carry out public procurement procedures efficiently and with high standards to ensure high-quality service delivery and to safeguard public interest. Public procurement constitutes an important market for the private sector and may influence the structure of a country's economy. Its effects are highly visible to citizens and it plays an important role in determining their level of trust in the government. However, this is an area in which risks of misspending and corruption are high.

Public procurement stakeholders should be aware of all integrity risks, and they should promote and preserve the integrity of the public procurement system in all stages of the procurement cycle, from procurement planning through awarding of the contract to contract management.

3. Please outline the top 3–5 corruption risks your country has identified (both short and longer term) arising in connection with the COVID-19 crisis. Where possible, please indicate whether these risks were present and/or high prior to the onset of the pandemic. When outlining risks, you may consider the following (non-exhaustive) list:
  - Corruption and fraud risks in public procurement of medicines, medical supplies or any related goods or services (this may include price gouging, bribery, self-dealing, and any other risks occurring specifically as a result of public procurement rules allowing for expedited delivery of goods/services during the pandemic).
  - 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).
  - 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.
  - Misdirection or exploitation of government funds or other assets (e.g. PPE, ventilation equipment).
  - Fraudulent billing to the government or insurance companies for the provision of healthcare services.

- Undue influence and conflicts of interest in healthcare provision and regulation (including drug development and market entry), policy-setting and evaluation.
- Provision of counterfeit medical supplies and / or medication.
- 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.
- Increases in COVID-19 related cyber-criminal fraud.
- Impeded anti-corruption enforcement actions due to the COVID-19 crisis.
- Impeded provision of international cooperation (e.g. mutual legal assistance) due to the COVID-19 crisis.
- Exploiting the disbursement of national economic relief/rescue/stimulus packages, including:
  - Officials soliciting bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Officials being offered, promised or given bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Sexploitation (including sexual exploitation and sextortion) and abuse of vulnerable or marginalized communities in exchange for financial or in-kind support as part of economic/social support services.
  - Schemes such as creating false or non-existent beneficiaries to embezzle stimulus / relief funds.
- Exploiting international financial aid related to COVID-19 or other types of support.
- 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.

- |   |
|---|
| <ol style="list-style-type: none"> <li>1. Corruption and fraud risks in public procurement of medicines, medical supplies or any related goods or services (this may include price gouging, bribery, self-dealing, and any other risks occurring specifically as a result of public procurement rules allowing for expedited delivery of goods/services during the pandemic).</li> <li>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.</li> <li>3. Increases in COVID-19 related cyber-criminal fraud. Sting or for the provision of other healthcare services during the pandemic.</li> <li>4. Exploiting financial aid related to COVID-19 or other types of support.</li> <li>5. Misdirection or exploitation of government funds or other assets (e.g. PPE, ventilation equipment).</li> </ol> |
|---|

4. If possible, please provide examples of detected or suspected instances of domestic or transnational corruption or fraud, in line with the key risk areas mentioned in question 3.

Please include a summary of the detected or suspected act, and how it was detected. Where such information is sensitive, please provide examples of the type of incident which has occurred.

**Case 1:**

During COVID-19, an individual was caught switching barcodes to replace expired medical supplies with valid dates;

A clinic was inspected, consequently a number of expired medicines and cosmetics were seized; medicines and cosmetics not registered at the Jordan Food and Drug Administration was seized, in addition to medical supplies sold to the Ministry of Health.

Investigations were conducted and the case was referred to the Public Prosecutor of Integrity and Anti-Corruption in order to conduct legal requirements.

**Case 2:**

An engineer at the Ministry of Public Works and Housing requested a bribe from the owner of a housing company in exchange for voiding all complaints received against the company;

Accordingly the procedure and the legal requirement were duly taken and referred to the public prosecutor.

5. Are any longer-term trends in corruption risks beginning to emerge as a result of COVID-19 in your country that will need a new or improved anti-corruption approach in the future? Please elaborate on these trends and the new or improved anti-corruption approach if possible.

In terms of receiving complaints & reporting suspicions of corruption, the JIACC has several ways to deal with them, including all social media and the hotline, and recently departments have been created at the Integrity and Anti-Corruption Commission related to digital intelligence and digital support, because work in some institutions will be done remotely.

## B. Anti-Corruption Controls during the Pandemic

6. What are the anti-corruption controls, safeguards, and measures that your government has put in place to address corruption risks identified in section (A)? Please highlight any special measures or procedures that have been introduced during the pandemic (e.g. telephone hotlines to report corruption in the allocation and disbursement of crisis response funds, an interagency cooperation taskforce among anti-corruption authorities, cooperation across international borders, ex-post facto audits of crisis related spending, publishing the beneficial ownership information of companies awarded public contracts, etc.)?

The Integrity and Anti-Corruption Commission is concerned with the role of the main supporter for public sector institutions, as it worked to maintain communication with public sector institutions by using remote meeting technology to monitor the extent of these institutions' compliance with national integrity standards and raise awareness of them, and since we are going through exceptional circumstances that are not supposed to be a cause for breaching integrity standards. In addition, there is a hotline for receiving information and news.

Work is underway to amend the Companies Law so that the real beneficiary is verified in a special register to be created according to the instructions issued for this purpose. Also, a guide was prepared on the concept of the true beneficiary.

Regarding International Cooperation and its demands among the bodies concerned with combating and preventing corruption and in accordance with the requirements of the United Nations Convention against Corruption (UNCAC) and in light of the visit of the Evaluation Team (FATF) to Jordan recommending the need to activate this type of cooperation; A decision was issued by the Board of the Integrity and Anti-Corruption Commission to approve the basis for international cooperation requests submitted to the Commission. This achievement is of great importance and has many benefits for the Commission's work, as it falls within the framework of the international principle of reciprocity and accelerates the procedures for requests for informal legal aid submitted to and from the Commission.

Where an electronic form was approved on the Commission's website and the Directorate of International Cooperation and Relations is in charge of receiving the requests to the e-mail: [ICU@JIACC.GOV.JO](mailto:ICU@JIACC.GOV.JO)

The number of applications received for the year 2020 was: (7) Requests.

7. Does your government have any specific legislative / governance procedures in place to allow for timely public procurement in emergency situations? If so, please describe these briefly below. If not, how is emergency public procurement during the Coronavirus pandemic taking place / how did it take place and what anti-corruption measures were adopted?

1-Working on continuity with the procedures of purchasing operations (bidding) from the electronic procurement system.

2- Working on reviewing the strategic plans at the level of the Procurement Department and the risk management plan and re-arranging priorities in line with similar circumstances in the future.

3- A classification has been adopted for the Procurement Department in ordering the priorities of the sectors and activities related to the work of the Procurement Department according to the stages and degree of severity.

8. Do any mechanisms exist in your jurisdiction which are specifically-designed to monitor procurement activity during any public emergency, including the current COVID-19 pandemic? Please elaborate.

Fortunately, The Jordanian government have issued a unified system for government procurement at the end of 2019 in accordance with international best practices, which will enhance integrity and legitimate competition and the principle of justice and equal opportunities, which are among the most important standards of national integrity that have been approved and circulated to adhere to them by all administration bodies.

These standards must be adhered to, whether in normal or exceptional circumstances.

However, as previously stated that crises, regardless of their shape or type, may be an opportunity for some to violate these standards for illicit enrichment, so it is necessary in such exceptional cases that redoubled efforts be made to monitor the extent of Public sector institutions' compliance with these standards.

9. How effective do you believe the domestic anti-corruption controls referenced in questions 6-8 in this section have been, and what have been the main challenges?

The new challenges that require adaptive policy responses and new alliances:

**Emergency contracting:** With clear and strong support to public buyers on how to do it

Joining forces

**Collaborative and co-operative purchasing approaches**

New means of engaging with the market

to find alternative and innovative solutions

**More digitalization:** To cover all phases of the procurement cycle,

**Emergency contracting** –to purchase urgently vital health products/services

Managing ongoing contracts to ensure the continuity of public services

10. If possible, please provide an overview of how non-governmental stakeholders (e.g. civil society and the media) have supported oversight efforts to detect fraud and corruption during your country's response to the pandemic. Are there any specific policies and practices your country has in place to facilitate these efforts?

Through education and awareness because it is considered one of the most important things that happen in the short term, and consumer protection associations report cases of fraud to the concerned authorities.

11. Considering your responses to questions 6-10 of this section, which of such measures and processes would you consider good practices to be shared with the G20 ACWG?

As it is known that the Covid-19 pandemic is considered an exceptional event at the global level, Jordan found itself compelled to resort to exceptional legislation also to activate it so that state institutions can deal with it. Accordingly, the Defense Law of 1992 was activated, which stipulated in its second article the possibility of activating it in certain cases, including the spread of a specific epidemic.

The idea of establishing the National Center for Security and Crisis Management was inspired by a Royal vision - which called for creating a state of interaction and response to the secretions of the strategic environment, came according to an institutional perspective, based on the principle of coordination and unification of national efforts to face potential crises, which is the mechanism used in managing crisis now.

The Defense Law No. 13 of 1992 has been activated throughout the Hashemite Kingdom of Jordan, with effect from March 17, 2020, the second article of which stipulates that in the event of a pest or epidemic spreading, "the law shall be issued with a royal decree issued upon the decision of the Council Ministers." The application of the law is entrusted to the Prime Minister to take the necessary measures and measures to secure public safety and defend the Kingdom without adhering to the provisions of ordinary laws in force.

Among the most prominent measures that have been implemented in accordance with this law: Isolation of some areas where cases have emerged infected with large numbers and imposing a curfew in them, with designation of the time for opening and closing public stores in whole or in some parts of the country 'in addition to disrupting all governmental and private institutions and departments except the concerned ones By providing medical and logistic services as a kind of prevention and preventing contact between citizens to contain the epidemic and break its chain, with shutdown of all air, land and sea borders.

The Integrity and Anti-Corruption Commission, being a governmental body, was affected by these decisions and abided by the decision to suspend office hours until further notice , while employees commission kept practicing work remotely, by receiving complaints, classifying them and refering them to the relevant authorities in the country as the means and tools for receiving complaints and electronic intelligence that were resorting to Citizens have still been working effectively, also there is a specialized team working to sort and classify them and deal with the urgent ones according to the established procedures, and this procedure is followed by the other competent directorates within the commission.

12. In your opinion, how can the G20 countries work collectively to address corruption risks arising in connection with the COVID-19 crisis, both with respect to national efforts and international collaboration?

Governments should build trust by establishing rules on how to publish information on emergency spending items and determining where to publish, and adhering to those rules without hesitation or default. All grants, purchases, or emergency financial aid provided by governments must be disclosed to the general public within

specified days after they are disbursed and / or used. There is a need for clear rules regarding eligibility to benefit from such aid to reduce the risk of corruption, which negatively affects the distribution of financial support directed at helping companies and individuals in distress.

With the speed at which fewer protections are applied initially to prevent corruption, the monitoring and feedback process should be faster than it is. Reducing feedback periods with more frequent audits and item reviews will help achieve this.

Mechanisms to address grievances and complaints are needed to ensure that communities and program beneficiaries know what to do when they are not receiving their expected payments. In order to address the abuse or misuse of exceptional powers, it is important to determine in advance the scope and duration of those powers.

In addition to all these measures, close follow-up and communication are needed to ensure accountability and maintain trust. It is necessary to stop applying the temporary provisions, which are adopted under the pretext of speed, as the states of emergency subside.

### **Anti-corruption in Covid-19 preparedness and response**

Setting a unified global strategy to contain the effects of the virus with regard to combating corruption and combating money laundering and not to exploit these circumstances, such as escaping from paying obligations or smuggling money resulting from acts of corruption.

- That the twenty countries with the most powerful economies in the world unite their efforts in facing the greatest threat facing the future of humanity: the 'emerging corona virus', by providing supplies and technical and technical assistance to the communities affected by the COVID-19.

### **Mainstreaming integrity into pandemic plans and policies**

Include anti-corruption and counter-fraud agencies on the national committee or taskforce

Most guiding documents on preparing pandemic plans recommend the establishment of a multispectral pandemic preparedness planning committee. They do not specify who should be on the committee as this should be decided on by each country.

Including anti-corruption, ethics and integrity agency representatives on the national taskforce or planning committee is therefore an important first step to mainstreaming anti-corruption into the pandemic preparedness and response plan.

### **Integrating crisis-response fund auditing into the ongoing monitoring and evaluation of the activity plan**

This will ensure that audits are not simply a matter of testing vouchers and receipts – which are easily forged in highly corrupt settings. Instead, it will be properly linked to outputs and outcomes. In line with this, the Global Health Security Index Report 2019 emphasizes that domestic financing for health security should be tied to benchmarks within national action plans.

13. In your opinion, are there any new ways of working in the anti-corruption space which may be necessitated by the impact of COVID-19, in response to short or longer-term trends (e.g., conducting remote court hearings on corruption cases)? Please elaborate.

The Jordanian Integrity and Anti-Corruption Commission has worked to maintain communication with public sector institutions by using remote meeting technology to monitor the extent of these institutions' compliance with national integrity standards and raise awareness of them.

Whereas, the Integrity Directorate in the Commission has prepared a program for this purpose to conduct those meetings and to assure these institutions that we are going through exceptional circumstances that are not supposed to be a reason for violating national standards of integrity that may constitute a corruption crime in accordance with Jordanian legislation, which will be dealt with according to the legally established procedures, which is what it was done during this pandemic, as many files were referred to the Public Prosecution, especially those related to bids, purchase contracts and services.

The Integrity and Anti-Corruption Commission plays the role of the main supporter for the public sector institutions and we have a plan to deal with it for the recovery phase and recover from this pandemic because we are aware that governments currently and during this crisis are trying to establish a balance between human health and the economic conditions that have undoubtedly affected.

We, as you, are aware that there may be a new economic cycle in many countries that will start after the end of this pandemic, which may constitute an opportunity to breach these standards.

Even though corruption has already marred many countries' responses to the Covid-19 pandemic, development actors can ensure that we are better prepared to minimize corruption in future pandemics. They can do this through making mainstreaming anti-corruption a priority when countries revisit and revise their plans.

### **Integrity**

Re-emphasizing integrity as part of pandemic preparedness is needed more than ever where resources are scarce and health workers are under a lot of pressure. Emphasis on the importance of a robust health workforce to an effective pandemic response.

This strong workforce necessarily implies that health workers uphold integrity and avoid corruption.

Capacity building for pandemic preparedness provides an opportunity to re-articulate professional ethics, including integrity and the importance of providing corruption-free services.

### **Identify and assess corruption risks as part of the situation analysis**

The second step in mainstreaming anti-corruption is to thoroughly assess the governance and corruption-related risks that could derail the implementation of the pandemic response plan. This assessment must be part of the situation analysis that forms the foundation of the plan.

Referring to the importance of gaining a detailed understanding of the risk environment. Once the risks are well mapped, policymakers and practitioners can

build mitigation measures that promote transparency, accountability and participation into the plan.

**Providing social-distancing appropriate whistleblowing and complaints mechanisms by expanding access to digital options, as explained above.**

14. If possible, please outline measures which could be taken in your country to prepare for and safeguard against risks during future crises in terms of the anti-corruption response.

Most governments were not ready for the Covid-19 pandemic, therefore Government pandemic response plans and policies do not give enough attention to anti-corruption and governance. **Plans need to involve anti-corruption agencies from the start, as well as identifying and assessing corruption risks. They should also promote integrity, transparency, accountability and participation if corruption is to be minimized in future pandemics.**

Plans and policies can balance competing interests by using the principles of equity, efficiency, liberty, reciprocity and solidarity.

**Response plans** should also build in the overarching considerations of preventing corruption and promoting integrity, transparency, accountability and participation.

The pandemic actually provides an opportunity for countries to strengthen anti-corruption and integrity, and so improve overall governance.

**Measures to minimize corruption in a pandemic include:**

- Involving anti-corruption agencies in the national taskforce; identifying and assessing corruption risks as part of the situation analysis; and taking action to promote transparency, participation, accountability and integrity.
- After the pandemic, the response evaluation should look at how corruption affected the outcome, as well as whether integrity was upheld or undermined.

15. If possible, from your own perspective, are there any areas of overlap between the ACWG priorities in 2020 and the response to the COVID-19 crisis, or other future crises which you would like to highlight? For example, has ICT been used to enforce anti-corruption controls during the pandemic? Would you consider including mechanisms for emergency responses in your national anti-corruption strategy, if your country has one? Please elaborate.

Not Available.

## KOREA

### Questionnaire for the members of the G20 ACWG

#### A. Corruption Risks during the COVID-19 Pandemic

- Has your government assessed domestic or transnational corruption risks arising during the COVID-19 pandemic, either through a formal risk assessment or other informal means? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents such as anti-corruption plans to mitigate corruption risks arising in connection with the COVID-19 crisis).

Korean government, in compliance to openness, transparency, and accessibility, is disclosing all COVID-19-related information on the website of Korea Centers for Disease Control and Prevention (<http://ncov.mohw.go.kr/en/>).

The website provide information COVID 19 infection statistics, information on testing kits, negative pressure rooms, designated public relief hospitals, medicine and medical supply contracts, and supply and demand for face masks. (Further information on mask supply and demand is stated in the answer to the question)

As most COVID-19 related information is disclosed to the public in real-time, people can swiftly file COVID19- related complaints, which then would be assessed promptly. But so far there have no corruption cases reported in relation to COVID 19.

However, since the COVID 19 pandemic situation will be prolonged for a long time, the Korean government, using its corruption/public interest reporting scheme, handles COVID-19 related reports first before other reports, and puts in place government-wide COVID19 related corruption prevention measures. (Detailed information is included in Q6)

- Has your government undertaken any previous corruption risk assessment which is relevant to activities being conducted, or risks present in the current pandemic situation or other emergency scenarios (e.g. an assessment of corruption risks in the healthcare sector which existed beforehand, assessment on emergency procurement processes, etc.)? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents).

After the outbreak of COVID 19, the Korean government has been using its existing corruption risk assessments (Integrity Assessment (IA), a measurement of public agencies' corruption risk level, and Anti-corruption Initiative Assessment (AIA), a measurement of public agencies' anti-corruption efforts) to assess how the related areas such as health care and emergency relief provision are exposed to the risk of corruption.

Based on the recognition that overcoming a crisis like this pandemic requires citizens' trust and this requires public officials performing their public duties uprightly in a transparent manner, the Korean government conducts the IA and IAI every day to strictly assess public agencies' corruption risk level and anti-corruption efforts.

The IA and AIA assessment items were modified to reflect the changed environment in serving citizens, which includes difficulties in providing services in face-to-face settings. The assessments will diagnose how bigger corruption risk is in this changed environment due to COVID 19. The assessment result will be announced at the end of this year.

At the Corruption Perception Survey which asks citizens on their perception on various corruption issues in Korea every year, a new question, "How much did the Korean government enhance transparency and integrity in its response to COVID 19 pandemic?" was added.

**<Korean government's corruption risk assessment scheme>**

Assessment	Target agencies ('20)	content of assessment
Integrity Assessment	723 public agencies (Health care, procurement, emergency relief provision, etc.)	Citizens experienced with public services of public agencies and employees of public agencies answer the survey-based assessment. Public agency's integrity score is produced by combining the survey responses and the number of corruption occurrence
Anti-corruption Initiative Assessment	264 public agencies (Health care, procurement, emergency relief provision, etc.)	Each public agency's anti-corruption efforts and implementation progress are assessed based on assessment criteria.
Corruption Perception Survey	-	Survey is conducted to ask ordinary citizens, business people, experts, foreigners, public officials on their perception on corruption level in the public sector and the entire society and their opinions on government's anti-corruption efforts.

3. Please outline the top 3–5 corruption risks your country has identified (both short and longer term) arising in connection with the COVID-19 crisis. Where possible, please indicate whether these risks were present and/or high prior to the onset of the pandemic. When outlining risks, you may consider the following (non-exhaustive) list:
  - Corruption and fraud risks in public procurement of medicines, medical supplies or any related goods or services (this may include price gouging, bribery, self-dealing, and any other risks occurring specifically as a result of public procurement rules allowing for expedited delivery of goods/services during the pandemic).

- 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).
- 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.
- Misdirection or exploitation of government funds or other assets (e.g. PPE, ventilation equipment).
- Fraudulent billing to the government or insurance companies for the provision of healthcare services.
- Undue influence and conflicts of interest in healthcare provision and regulation (including drug development and market entry), policy-setting and evaluation.
- Provision of counterfeit medical supplies and / or medication.
- 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.
- Increases in COVID-19 related cyber-criminal fraud.
- Impeded anti-corruption enforcement actions due to the COVID-19 crisis.
- Impeded provision of international cooperation (e.g. mutual legal assistance) due to the COVID-19 crisis.
- Exploiting the disbursement of national economic relief/rescue/stimulus packages, including:
  - Officials soliciting bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Officials being offered, promised or given bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Sexploitation (including sexual exploitation and sextortion) and abuse of vulnerable or marginalized communities in exchange for financial or in-kind support as part of economic/social support services.
  - Schemes such as creating false or non-existent beneficiaries to embezzle stimulus / relief funds.
- Exploiting international financial aid related to COVID-19 or other types of support.
- 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.

**<Possible corruption risks arising in COVID 19 crisis>**

- There is a possibility of a false claim for or inappropriate disbursement of emergency relief funds which is designed to help citizens' livelihoods and to recover the economy
- There could be a crime targeting the underprivileged, such as voice phishing or illegal money lending

- A surge in online transactions after the COVID 19 gave stronger power to online platform businesses. This may pose a risk of unfair trade issues for retailers doing business on the platform, consumers, and rival platform businesses.

-Anti-Corruption enforcement activities might be impeded.

Measures to response to the risks stated above are elaborated in Q. 5

4. If possible, please provide examples of detected or suspected instances of domestic or transnational corruption or fraud, in line with the key risk areas mentioned in question 3. Please include a summary of the detected or suspected act, and how it was detected. Where such information is sensitive, please provide examples of the type of incident which has occurred.

Though no suspected instance of corruption or fraud caused by COVID19 had been detected or reported so far, response mechanisms to such instances is as follows:

The Korean government specifies acts of corruption as stated in the Act on the Prevention of Corruption and the Establishment of Anti-Corruption and Civil Rights Commission and regulates acts infringing on public interests in the private sector such as acts harming public health and safety, the environment, consumer interests, fair trade and equivalent there to in the Protection of Public Interest Reporters Act.

If a report is filed to the corruption/public interest violation report center, the report is assigned to the division in charge for handling and then goes through examination and check by inspectors, review by commissioner in charge, and then deliberation by ACRC's internal committee. When the case is recognized to be in need of an inspection according to the Board of Audit and Inspection Act, the case is referred to the Board of Audit and Inspection; when the case involves criminal charges or raises the need for criminal investigations, it is referred to the investigative authorities; and other cases are referred to the supervisory institution of the public agency in question.

The Investigative agency to which the repot is referred should finish an audit, investigation or inspection, and notify the result to the ACRC within 10 days. The ACRC shall inform the reporter of the result summary upon being notified of the investigation or inspection result, and shall report it to the internal committee. In addition, in cases where the audit, investigation or inspection by the investigative authorities is deemed inadequate, re-inspection may be requested to the investigative authorities based on rational reasons such as the submission of new evidentiary materials.

5. Are any longer-term trends in corruption risks beginning to emerge as a result of COVID-19 in your country that will need a new or improved anti-corruption approach in the future? Please elaborate on these trends, and the new or improved anti-corruption approach if possible.

1. Public funds such as COVID 19 emergency relief subsidies should be executed in a fair manner.

→ In order to enhance effectiveness in relevant policies, the ACRC, in operating Illicit Funds Recovery Act (enforced in January 2020), expects possible false claims for public funds, conducts inspection for vulnerable areas, and announces the results.

2. There could be a fraud targeting the underprivileged, such as voice phishing scams or loan shark.

→ The Financial Supervisory Service and other related authorities, in cooperation, operate government-wide task force to develop and implement countermeasures; remove unused circuits and stolen or lost phone; run a unit dedicated to crackdown and detection; crack down on advertisement of illegal private lenders; immediately block voice phishing website; operate system for online application for remedies; and launch awareness-raising campaign to raise alarm on the problem.

3. Online transactions increased explosively after the outbreak of COVID 19, giving more power to online platform businesses. This could pose a risk of unfair trade issues for retailers doing business on the platform, consumers, and rival platform businesses.

→ The Korea Fair Trade Commission is working to: resolve unfair trade environment issues of online platform businesses, such as abuse of superior position, through a legislation to improve fairness in online platforms; hold platform businesses legally accountable; correct unfair contract terms and conditions that harm consumer rights; and promote platform business' M&As in ways to prevent monopoly and oligopoly and reflect the characteristics of new industries

4. Anti-Corruption enforcement activities might be impeded.

→ This year's Anti-corruption Initiative Assessment (AIA), which evaluates implementation of anti-corruption initiatives of public agencies, is being underway, and the result will be announced on January 2021. So, for now, it is difficult to identify specific anticorruption enforcement activities impeded by COVID19.

However, to prevent COVID 19 from impeding anti-corruption enforcement activities, in the selection of AIA assessment, target public agencies' opinions on changes in the way of work due to COVID 19 (online), were fully reflected \*.

\*So, for example, the number of online integrity education provided has been included in the "Integrity Education" criteria, and online activities has been scored in "Integrity Culture Promotion Activities"

Among acts of infringement on public interests under the 284 laws subject to public interest whistleblowing reporting\*, the ACRC discovered and informed COVID-19 related public interest violation acts and encouraged reporting thereof. Such report will be handled first.

\*COVID 19 infected persons refusing inpatient treatment, an act of making false statement, an act of intentionally omitting or hiding information during epidemiological investigation, or an act of not following quarantine measures like lockdown orders.

## B. Anti-Corruption Controls during the Pandemic

6. What are the anti-corruption controls, safeguards, and measures that your government has put in place to address corruption risks identified in section (A)? Please highlight any special measures or procedures that have been introduced during the pandemic (e.g. telephone hotlines to report corruption in the allocation and disbursement of crisis response funds, an interagency cooperation taskforce among anti-corruption authorities, cooperation across international borders, ex-post facto audits of crisis related spending, publishing the beneficial ownership information of companies awarded public contracts, etc.)?

Government-wide Anti-Corruption Policy Consultative Council for Fair Trade held its meeting on June 22, 2020.

- At the meeting chaired by the President of Korea, heads of 15 anti-corruption related central government agencies, such as the ACRC, the Ministry of Justice, the Korea Fair Trade Commission, and the Ministry of Labor, discussed current corruption issues and came up with effective countermeasures.
- The participants shared various opinions and presentations with each other regarding tackling crimes harming ordinary citizens' livelihoods and measures to create an environment for fair economic activities.
- Agenda: Removing illegal private lending and voice phishing scams (the Financial Services Commission), Rooting out illegal cyber gambling and fraud (National Policy Agency), Removing unfairness in online platform businesses and realizing fair digital economy (Korea Fair Trade Commission).

7. Does your government have any specific legislative / governance procedures in place to allow for timely public procurement in emergency situations? If so, please describe these briefly below. If not, how is emergency public procurement during the Coronavirus pandemic taking place / how did it take place and what anti-corruption measures were adopted?

The Public Procurement Service (PPS) of Korea established “Emergency Procurement Guidelines” to help curb the spread of COVID-19 and avoid disruption of procurement administration in emergency. The following are keys of the Guidelines.

During emergency, the PPS shall:

- (a) enable suppliers to participate in a bidding without registering their fingerprints and postpone site inspections including factory due diligence in order to minimize civil petitioners' visit and contact;
- (b) minimize face-to-face evaluations or reviews through online or written evaluation of the proposal for contracting by negotiation;
- (c) run all types of internal and external committee online or in writing;
- (d) postpone, in principle, procurement officials' on-site works, but allow them under a minimum scope of work only in an urgent situation.

8. Do any mechanisms exist in your jurisdiction which are specifically-designed to monitor procurement activity during any public emergency, including the current COVID-19 pandemic? Please elaborate.

The Korean government made public the whole public procurement procedure on Korea ON-line E-Procurement System (KONEPS). Aside from the system, the government put in place measures to meet the surging demand for face masks due to COVID 19

-In order to resolve the issue of unstable mask supply due to an explosive demand and cornering and hoarding, the Ministry of Economy and Finance took 'Measure of Stable Supply of Mask' on March 5, 2020 and introduced Government Mask System (rationing through public channels). According to the system, the PPS operated a task force for rapid supply of masks 24/7 and contributed to the stable supply of masks by: cooperating and sharing information with other agencies (Ministry of Health and Welfare and the Ministry of Food and Drug Safety); setting PPS' internal policy directions; handling problems on the field such as through coping with and responding to the demand for mask depending on situation.

-In addition, the PPS adjusted the number of masks supplied to regions, considering the severity of the infection (the number of people infected per population, and massive infections) and the total stock. In order to secure a stable supply according to the set goal, it also adjusted the number of masks for the public channels selling public masks based on changes in supply in real-time.

9. How effective do you believe the domestic anti-corruption controls referenced in questions 6-8 in this section have been, and what have been the main challenges?

The Government-wide Anti-Corruption Policy Consultative Council for Transparent Society helps implement policies with effectiveness because it gets relevant ministries with mandate and authority to implement and enforce measures to remove corruption and unfairness.

In addition, the Council, consisting of all anti-corruption related agencies, can discuss policies with related authorities and seek help from them, and most importantly, it can set the strong tone from the top because it is presided over by the President.

10. If possible, please provide an overview of how non-governmental stakeholders (e.g. civil society and the media) have supported oversight efforts to detect fraud and corruption during your country's response to the pandemic. Are there any specific policies and practices your country has in place to facilitate these efforts?

Since there has been almost no COVID 19-related corruption and fraud happened in Korea so far, there have been no such oversight activities by non government stakeholders. However, with an aim to overcome the nationwide COVID 19 crisis, 552 civil society organizations which includes anti-corruption NGOs, such as People's Solidarity for Participatory Democracy, Citizens' Coalition for Economic Justice, and Young Korean Academy, set up Civil Society Countermeasure Committee for COVID 19

Economic and Social Crisis, and held a press conference on 28 April, 2020 to declare the start of its operation and urge the government to ensure that emergency relief fund and donation from citizens should be provided to those in need for their living. The Committee is monitoring the government on this matter.

It also engages in: urging businesses to maintain employment and the government to strengthen monitoring thereon; demanding stronger quarantine system and stable public health system based on the principle of human rights; and launching CSO-led voluntary activities and donation campaign.

11. Considering your responses to questions 6-10 of this section, which of such measures and processes would you consider good practices to be shared with the G20 ACWG?

ACRC's Public Fund Recovery Act, a general Act aimed to prevent the leakage of public funds, and Korea Fair Trade Commission's measure, in response to rising online transactions and the frequent use of online platforms, to root out unfairness in online platform businesses and realize fair digital economy are measures worth sharing with the G20 ACWG because they help remove corruption and unfairness in the public sector swiftly in this unique situation of COVID 19 crisis.

**<The Public Funds Recovery Act>**

The Act stipulates that competent administrative authorities shall recover the entire amount of the unfair gains and interests from the following four types of fraudulent claims: ① unqualified or ② excessive claims for public finance payments such as subsidies, rewards and contributions; ③ use of the funds for any purpose other than the specified purpose or use; and ④ erroneous payment of the funds. In the case of unqualified and excessive claims for, as well as the misuse of public funds, the Act states that additional sanctions of up to five times that of the recovered amount shall be imposed on top of the recovery of gains.

In addition, the Act mandates the competent administrative agency to disclose the list of those who make fraudulent claims in large amount or on a habitual basis, and allows the ACRC to check and inspect the implementation the status of the recovery of illicit gains and imposition of additional sanctions. In addition, the Act provides thorough protective measures for whistleblowers to protect them from any disadvantages because of their reporting, and to guarantee their personal safety. It also specifies rewards for whistleblowers to facilitate reporting on fraudulent claims for public funds.

12. In your opinion, how can the G20 countries work collectively to address corruption risks arising in connection with the COVID-19 crisis, both with respect to national efforts and international collaboration?

Existing anti-corruption efforts taken place in international anti-corruption rounds such as UNODC (UNCAC), OECD WGB, G20 ACWG, as well as those made in national anti-corruption policies should not be weakened or lost consistency due to COVID 19. National anti-corruption mechanism and international cooperation system unaffected

by external changes should be established, so that any possible global crisis could be well handled in the future, after the COVID 19 crisis is tackled.

**(National efforts)**

To secure public trust in the government in the midst of this global crisis, governments should strengthen openness, transparency and accessibility of information.

Governments should enhance inclusiveness and flexibility in their anti-corruption policies that can respond to any crisis.

Governments should raise awareness and understanding of the importance of anti-corruption efforts among citizens in times of crisis.

**(International collaboration)**

Enforcement of international anti-corruption mechanisms such as UNCAC, OECD Anti-Bribery Convention should be strengthened.

Manual or Guidance on measures to respond to different situations in global crisis should be developed.

On/off line Anti-corruption round networking system that can be used in times of emergency should be built.

13. In your opinion, are there any new ways of working in the anti-corruption space which may be necessitated by the impact of COVID-19, in response to short or longer-term trends (e.g., conducting remote court hearings on corruption cases)? Please elaborate.

Since most of anti-corruption works are being conducted based on fact-finding survey results and opinion collection/hearing, in this COVID19 situation, such works needs to be conducted online but a system enabling whistleblower protection, keeping confidentiality, and securing citizen trust should be established, and training should be provided to operate the system.

14. If possible, please outline measures which could be taken in your country to prepare for and safeguard against risks during future crises in terms of the anti-corruption response.

In the post COVID 19 era, anti-corruption reforms should be continued to be pushed with focuses on :

- (1) Swift response to emerging corruption issues and anti-corruption reform according to mid-to-long term strategy;
- (2) Strengthening the Code of Conducts for Public Officials, providing administrative services in a pre-emptive way, preventing collusive ties between government and business for fair public sector that can meet citizens' heightened expectations;
- (3) Citizen participatory efforts to enhance transparency in the entire society without any blind spot through promoting whistle blowing in all sectors.

(4) Stronger cooperation in international anti-corruption efforts in times of crisis.

15. If possible, from your own perspective, are there any areas of overlap between the ACWG priorities in 2020 and the response to the COVID-19 crisis, or other future crises which you would like to highlight? For example, has ICT been used to enforce anti-corruption controls during the pandemic? Would you consider including mechanisms for emergency responses in your national anti-corruption strategy, if your country has one? Please elaborate.

**<National Anti-Corruption Strategy>**

By implementing sound and strong national anti-corruption policies, Korea continues its efforts to fight corruption and enhance integrity with consistency, unaffected by the COVID 19 crisis.

Especially, the Government-wide Anti-Corruption Policy Consultative Council (chaired by the President of Korea), where discussions on policy issues are made by anti-corruption and fairness related authorities. The council holds a meeting on a regular basis, contributing to removing unfairness and corruption in the entire society.

At its meeting held on June 2020, they discussed on the direction for anti-corruption efforts in the post corona era and came up with measures to prevent COVID 19-created loopholes in national anti-corruption policies.

**<ICT- based Corruption Prevention>**

The Korean government shares its COVID 19 responses with citizens in real time using ICT, such as online platforms and mobile apps, securing government trust and preventing the possibility of cornering and hoarding.

In the post corona era, non-contact technologies will be more widely used in the every corner of our society, and therefore require an anti-corruption monitoring scheme that could well respond to this new environment.

## MEXICO

### Questionnaire for the members of the G20 ACWG

#### A. Corruption Risks during the COVID-19 Pandemic

1. Has your government assessed domestic or transnational corruption risks arising during the COVID-19 pandemic, either through a formal risk assessment or other informal means? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents such as anti-corruption plans to mitigate corruption risks arising in connection with the COVID-19 crisis).

The Mexican Government understands that SARS-CoV2 (COVID-19) crisis has carried corruption risks in different areas, particularly in public procurement processes and the quality of the supply of medical services.

During the special G20 Leaders Summit held on March 26, President Andrés Manuel López Obrador raised the possibility of the United Nations taken an active role in the pandemic through effective and united international cooperation. Thus, early April this year Mexico proposed a **Resolution on COVID-19 to the UN** co-sponsored by more than 160 countries, which launches a strong message against the corrosive power of corruption and their commitment to guarantee fair, transparent and equitable access for medical equipment, vaccines and care supplies in order to attend pandemic effect on population of all countries.

Control of public procurement to attend pandemic effects on public health is essential now. The Mexican government improved a severe control over medicines and medical equipment purchases. It also improves an urgent policy for design and manufacture medical ventilators with Mexican engineering, in order to not import medical supplies that will affect public finances.

In this sense, the Ministry of Public Administration (SFP, *Secretaría de la Función Pública*) adopted 3 anti-corruption measures in order to assure integrity and transparency in the Federal Public Administration's public procurement processes based on its legal responsibility to organize and coordinate the internal control and to oversee the federal public expenditure:

1. Active participation of the Internal Control Bodies (ICO) in the Public Procurement Committees of the Federal Public Administration entities to guarantee transparency, legality and prevent acts of corruption during public acquisitions. See (in Spanish): <https://www.gob.mx/sfp/articulos/funcion-publica-mantiene-vigilancia-sobre-compras-publicas-y-recepcion-de-denuncias-durante-contingencia-por-covid-19-239139?idiom=es>
2. The Minister of Public Administration, Irma Eréndira Sandoval Ballesteros, enacted an order published on the Federation's Official Gazette (DOF) to promote the use of electronic media to report possible acts of corruption.
3. The Comprehensive Citizen Complaints System (SIDEC), which receive complaints of acts related to corruption of public officials, as well as for public medical deficient services, was determined as an essential activity not requiring the suspension of its activities.

Particularly, the ICOs have maintained a close surveillance together with SFP, in order to prevent any act of corruption during the COVID-19 pandemic, mainly during the acquisition processes of medicines or medical equipment. As mentioned above, ICOs also participate in each public institution's Procurement Committees. In this way, SFP provides preventive accompaniment through the ICO, as part of its functions to control the use of public financial resources.

In this sense, the Minister of Public Administration signed an agreement to establish that even the COVID-19 pandemic the institution would continue operating the on-line reporting of possible acts of corruption in the medical institutions or other areas of the national government through SIDEC.

In addition, on March 23, 2020, SFP issued the prevention criteria against COVID-19 health effects on public officials, allowing home office of official activities, as well as alternate days of work, in order to guarantee all public services to the citizenry, in accordance with the Organic Law of the Federal Public Administration.

Given the recent Statement on COVID-19 stated by Latin-American FATF, on April 6, 2020, Mexico has adopted a series of measures to prevent that Risks associated with ML/FT increases and is considered as one of the chapters on the 2020's National Risk Assessment as an Emerging Risk, which will be published soon. Mexico's financial intelligence unit has been:

- Analysing the cross-border flows of countries receiving emergency funds related to COVID-19 from international organizations and other donors.
- Analysing transactions involving companies with little or no experience in the medical supply sector.
- Performing price benchmarking exercises to detect purchases at inflated prices.

2. Has your government undertaken any previous corruption risk assessment which is relevant to activities being conducted, or risks present in the current pandemic situation or other emergency scenarios (e.g. an assessment of corruption risks in the healthcare sector which existed beforehand, assessment on emergency procurement processes, etc.)? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents).

Not as a result of a corruption risk assessment but as a rapid response to mitigate and control the risks linked to the current pandemic situation, the FIU has undertaken some measures to alert about against irregular practices during this time, in which could be included corruption-related risks as established on its 2020 National Risk Assessment on ML/FT (not yet publicly available).

<https://uif.gob.mx/work/models/uif/imp/ComunicadoCOVID19.pdf>

3. Please outline the top 3–5 corruption risks your country has identified (both short and longer term) arising in connection with the COVID-19 crisis. Where possible, please indicate whether these risks were present and/or high prior to the onset of the pandemic. When outlining risks, you may consider the following (non-exhaustive) list:

- Corruption and fraud risks in public procurement of medicines, medical supplies or any related goods or services (this may include price gouging, bribery, self-dealing, and any other risks occurring specifically as a result of public procurement rules allowing for expedited delivery of goods/services during the pandemic).
- 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).
- 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.

- Misdirection or exploitation of government funds or other assets (e.g. PPE, ventilation equipment).
- Fraudulent billing to the government or insurance companies for the provision of healthcare services.
- Undue influence and conflicts of interest in healthcare provision and regulation (including drug development and market entry), policy-setting and evaluation.
- Provision of counterfeit medical supplies and / or medication.
- 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.
- Increases in COVID-19 related cyber-criminal fraud.
- Impeded anti-corruption enforcement actions due to the COVID-19 crisis.
- Impeded provision of international cooperation (e.g. mutual legal assistance) due to the COVID-19 crisis.
- Exploiting the disbursement of national economic relief/rescue/stimulus packages, including:
  - Officials soliciting bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Officials being offered, promised or given bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Sexploitation (including sexual exploitation and sextortion) and abuse of vulnerable or marginalized communities in exchange for financial or in-kind support as part of economic/social support services.
  - Schemes such as creating false or non-existent beneficiaries to embezzle stimulus / relief funds.
- Exploiting international financial aid related to COVID-19 or other types of support.
- 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.

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| <ul style="list-style-type: none"> <li>- Corruption and fraud risks in public procurement of medicines, medical supplies or any related goods or services</li> <li>- Exploiting the disbursement of national economic relief/rescue/stimulus packages</li> <li>- Misdirection or exploitation of government funds or other assets</li> <li>- Undue influence and conflicts of interest in healthcare provision and regulation (including drug development and market entry), policy-setting and evaluation.</li> <li>- Identity theft of public officers and public institutions, this risk wasn't present prior to the onset of the pandemic.</li> <li>- Scams involving miracle cures, this risk wasn't present prior to the onset of the pandemic.</li> <li>- Increases in COVID-19 related cyber-criminal fraud, cyber-criminal fraud risk was present prior to the onset of the pandemic.</li> </ul> |
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4. If possible, please provide examples of detected or suspected instances of domestic or transnational corruption or fraud, in line with the key risk areas mentioned in question 3. Please include a summary of the detected or suspected act, and how it was detected. Where such information is sensitive, please provide examples of the type of incident which has occurred.

In fulfillment of the National Program to Combat Corruption and Impunity, and to Improve Public Management 2019-2024, and in accordance to its powers, the Ministry of Public Administration sanctioned the following company for acts related to corruption, administrative misconducts and/or conflicts of interest:

- The company *Cyber Robotic Solutions S.A. de C.V.* that does not produce medical supplies was **sanctioned with disqualifications and fines** totaling more than 2 million MXN (\$91,000 USD approx.) for irregular actions in the procurement procedures. A contract (no longer running) was awarded directly to the company under the substantiation of the urgent need to attend patients with COVID-19 in the State of Hidalgo. Immediately, the units and entities of the Federal Public Administration, State Owned Enterprises, as well as the federal entities, municipalities and mayoralties of Mexico City, were notified of the sanction, in order to refrain from accepting proposals or entering into contracts with that company. See the Federation's Official Gazette (DOF) published on July 6, 2020 (in Spanish):  
[http://dof.gob.mx/nota\\_detalle.php?codigo=5596198&fecha=06/07/2020](http://dof.gob.mx/nota_detalle.php?codigo=5596198&fecha=06/07/2020)  
[http://dof.gob.mx/nota\\_detalle.php?codigo=5596199&fecha=06/07/2020](http://dof.gob.mx/nota_detalle.php?codigo=5596199&fecha=06/07/2020)

From the aforementioned case, **four public officials were suspended** for possible complicity with the irregular actions of the sanctioned company

Additionally, three criminal complaints have been filed related to the attention to the health crisis. Two of them are due to the alleged improper purchase of medical equipment for public health centers. A citizen and a legislator, respectively, presented these complaints. There is also one complaint about the possible improper theft of medical material from a public health center. That health center filed the complaint.

In all the cases, the acts were detected through the permanent monitoring of the operations received from the financial system:

- Identity theft of public official and public institutions: identity theft of public official and institutions in order to receive donations allegedly to support scientific research leading to a cure for COVID-19.
- Scams involving miracle cures
- Increases in COVID-19 related cyber-criminal fraud: host of cyber criminal frauds like phishing or hacking.

5. Are any longer-term trends in corruption risks beginning to emerge as a result of COVID-19 in your country that will need a new or improved anti-corruption approach in the future? Please elaborate on these trends, and the new or improved anti-corruption approach if possible.

In times of emergency, dishonesty and corruption can find spaces to thrive. Accordingly, Mexico has adopted measures to mitigate any attempt to those who want to take advantage of the needs of the population to obtain economic profits. In this sense, the internal control and oversight mechanisms of public offices have not stopped during the lockdown and they will not. In the same way, financial intelligence systems have helped to detect any behavior by bad public officials that tends to harm the general welfare.

Not only as a result of COVID-19 but as a longer-trend corruption risk, our country must improve on preventing and fighting against cyber criminal frauds.

## B. Anti-Corruption Controls during the Pandemic

6. What are the anti-corruption controls, safeguards, and measures that your government has put in place to address corruption risks identified in section (A)? Please highlight any special measures or procedures that have been introduced during the pandemic (e.g. telephone hotlines to report corruption in the allocation and disbursement of crisis response funds, an interagency cooperation taskforce among anti-corruption authorities, cooperation across international borders, ex-post facto audits of crisis related spending, publishing the beneficial ownership information of companies awarded public contracts, etc.)?

The Mexican Federal Government established measures for the prevention and control of the disease COVID-19 in consensus with the units and entities involved in its implementation. The **issuance of various regulatory instruments** was necessary to establish the control criteria and specific modalities in areas of human and financial resources and for guaranteeing the protection of personal data and the human right of access to information, among others.

Mexico has implemented control mechanisms to address the risks of corruption, such as **internal and external citizen whistleblowers**, which provide information on acts that have been committed, are being committed or likely to be committed by public officials, regarding to alleged serious acts of corruption, human rights violations, harassment and sexual harassment. In addition, there are the **Social Witnesses** established by law as specialized citizens who attest to the relevant processes of purchase of goods or contracting of services and public works and related services.

Likewise, the responsible areas for the control amended their working program to emphasize their efforts on the review of the acquisitions of goods and services carried out in connection with the pandemic, so the exercised resources are focused on meeting the needs arising from the contingency.

Moreover, a public procurement electronic system is being developed that will allow real-time monitoring the entire process of execution of procurement helping its audit.

On the other hand, trainings and certification of public oversight are in process of implementation, which will impact positively the fight against corruption.

During the pandemic, the **Comprehensive Citizen Complaints System (SIEC)** <https://siec.funcionpublica.gob.mx/#!/home#top> has continued receiving reports of

suspect acts related to corruption of public officials, as well as for public medical deficient services, which follow the administrative fault investigation process in SFP as due. When appropriate the faults are followed by prosecute process throughout criminal scope.

Finally, 1 of the 13 commitments in Mexico's Fourth Action Plan (4PA) 2019-2021 to the Open Government Partnership is the promotion of building a Beneficial Ownership Register to contribute on combatting administrative offenses and crimes related to acts of corruption in a more effective way, as well as the prevention and fight against money laundering and financing to terrorism. Likewise, Mexico has adopted the **Beneficial Ownership Transparency Disclosure Principles**. Both actions have contributed to strengthening controls for the detection of acts prone to corruption.

The FIU has reinforced monitoring, and analyzed the possible participation of PEP, including family members and direct associates in transactions related to the public procurement of pharmaceutical products and other medical supplies. A PEP generally poses a higher risk of possible involvement in bribery and corruption by their position and the influence they may have.

Analyze the cross-border flows of countries receiving emergency funds related to COVID-19 from international organizations and other donors.

Analyze transactions involving companies with little or no experience in the medical supply sector. Perform a price benchmarking to detect purchases at inflated prices.

7. Does your government have any specific legislative / governance procedures in place to allow for timely public procurement in emergency situations? If so, please describe these briefly below. If not, how is emergency public procurement during the Coronavirus pandemic taking place / how did it take place and what anti-corruption measures were adopted?

The **Law of Public Sector Procurement, Leasing and Services** is the respective one applicable to government procurement, which considers quick purchases by direct assignment without making a public tender in face of a health emergency. The aforementioned by taking care of the best conditions for the State through market research.

To address health emergencies this legislation was amended and the acquisition of goods or health services contracted with international intergovernmental organizations through pre-established collaborative mechanisms is exempt from its application.

On the other hand, Mexico implements social control strategies within every social development public program for monitoring, auditing and, if necessary, inform and complaint irregularities. These strategies are known as "**Social Comptroller**" with a regulatory framework regulated by the **Federal Law of Social Development**.

In accordance with the legal framework applicable to public procurement in Mexico, in particular, the Law of Acquisitions, Leases and Services of the Public Sector establishes the possibility of carrying out public contracting using a procedure of exception to the

Public Tender, such as the direct award or Invitation to at least three people in emergency situations, the use of these exception procedures must be based on any of the assumptions established in article 41 of the Law of Acquisitions, Leases and Services of the Public Sector.

The legal framework allows to carry out a procedure by an invitation to at least three people or a direct award when the social order, the economy, public services, health, safety or the environment of any area or region of the country are endangered or altered as a result of a fortuitous event or force majeure, noting that these concepts translate into an event of nature or derived from human events, which are unforeseeable, unavoidable and external to the will of a subject, which temporarily or definitively prevents him from partially or totally fulfilling an obligation.

In this context, it can be noted that public entities can use any of these exception procedures, provided that the criteria on which the use of them is based, are accredited, that is, the existence of the circumstances that enable the exception procedures, considering that there is a danger or risk of altering the social order, the economy, public services, health, safety or the environment of any area or region of the country, as well as the existence of a fortuitous event or force majeure that gives rise to the exceptional circumstances, which don't allow to make the contracting through the public tender procedure.

There must be a justification of the reasons on which the exercise of the exception procedure is supported, which must be done in writing. Similarly, when any of these exception procedures is used, a market research must be carried out, in order to be used as the basis for making the decision.

Recently, the legislative power approved an amendment to article 1 of the Law of Acquisitions, Leases and Services of the Public Sector, which establishes that the acquisition of goods and services for health, made with international intergovernmental organizations, through collaboration mechanisms, are not subject to the Acquisitions Law.

On April 8, 2020, National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores— CNBV) published Press Release No. 022/2020 to inform that it has issued agreements and provisions to deal with the contingency derived from SARS Cov-2 (COVID-19) and, in order to facilitate the performance of Credit Institutions in a high volatility environment, maintain the credit flowing in the economy and thus reduce the impact of the emergency derived from SARS CoV-2:

- Approved temporary modifications to the General Provisions Applicable to Credit Institutions, regarding capitalization.
- It postponed the regulation's publishing on international standards and prudential precepts
- Increased the time to present diverse information to the CNBV

8. Do any mechanisms exist in your jurisdiction which are specifically-designed to monitor procurement activity during any public emergency, including the current COVID-19 pandemic? Please elaborate.

On the blunt and certain fight against corruption in the context of the health emergency Mexico has taken different measures to prevent corruption in the processes of public procurement of medicines and inputs and avoid that service providers or private companies profit from such a situation.

For this purpose, it was issued the Communiqué 035 dated 27 March 2020, which states:

- The Internal Control Bodies (ICO) throughout the Federal Public Administration will maintain preventive accompaniment in the processes of public procurement of medicines and supplies within the Health sector, in order to contribute to the effective attention to the COVID-19 coronavirus outbreak.
- ICOs will maintain an active participation in the **Committees of Public Procurements, Leases and Services** of the units and entities, with the aim of continuing the priority projects of the Government of Mexico and the provision of public services for all citizens.
- Preventive accompaniment is part of the essential tasks of SFP and during the attention to COVID-19 will be strengthened in co-ordination with the Ministry of Finance and Public Credit, to ensure the best technical and economic conditions in favor of Mexican society, as well as to close spaces for corruption.

On the other hand, as mentioned the Mexican government considered within its priorities during the COVID-19 emergency to monitor the right use and application of resources, carrying out actions of control to the procurement processes of the units and entities directly involved in this contingency. Hence, the central audit areas modified their working program to focus efforts on reviewing the acquisitions of goods and services across the pandemic.

As a result, reviews to the exercise of federal public resources during the health emergency were strengthened with preventive accompanying actions, from the National declaration of health emergency date to the procurement procedures, leases and contracted and public works services and related services.

The "Digital National Platform" is the regular mechanism designed to monitor acquisitions and is no exception during any public emergency. It belongs to the National Anti-Corruption System, which integrates and connects the different data and information used by authorities to have access to the following:

- Patrimonial evolution System, Government officer patrimonial statements and tax reports
- Public Procurement System, which house the data of any Public Officer involved in public procurement procedures
- National System of Public Servants and sanctioned individuals
- Information and communication system by the National System and the National Control System
- Public Complaints System of administrative offenses and corruption acts
- Public Procurement Information System

The main purpose of the "Digital National Platform" is to keep authorities informed about possible corruption risks, follow up on public procurement processes and projects, ensure compliance with their objectives and guarantee efficiency<sup>7</sup>.

9. How effective do you believe the domestic anti-corruption controls referenced in questions 6-8 in this section have been, and what have been the main challenges?

From the participation of ICOs in Public Procurement Committees, to the mid of August 2020 more than 6992 procurement procedures for goods and/or services have been monitored to ensure that the emergency is not used as a pretext to cover up embezzlements. Likewise, these control activities assure that goods been acquired throughout this pandemic at highly competitive prices, including in the face of difficulties caused by an exorbitant increase in overall demand for equipment and medical equipment.

To clarify this, the table below reflects the total of procurement procedures for goods and/or services and the object of procurement (but not limited to) that throughout the pandemic ICOs in the Ministries of Health, National Defense and Navy have supervised, as well as ICOs in the Institute of Health for Welfare, the Mexican Institute of Social Security (IMSS), and the Institute of Security and Social Services of the State's Workers (ISSSTE):

<b>Internal Control Body (ICO)</b>	<b>Total Procedures by ICO</b>	<b>Hiring</b>	<b>Subject of recruitment</b>
Ministry of Health (Includes procurement of the Institute of Health for Welfare)	84	<b>Acquisition of goods:</b> 6867 Directly Awarded: 6666 Invitation to at least three suppliers: 195 Public Tenders: 5 Mixed: 1 Type: National 5902 International: 965	Face masks, disinfectants, sanitizer in gel, medicine (meropenem, acetaminophen, baking soda, colistimete, nifedipine, etc.), antiseptic solution, robes, beds, equipment (X-ray, monitor, oximeter, ventilators, ultrasound, ultra-regulator), gloves, micropipettes, tests, air freight transportation, high specialty healing material, s53p4 bioactive glass granules (1.0 - 2.0 mm) 10cc, Gastro probe, catheter, C-434 bra, acquisition of white material among others.
ISSSTE	644		
IMSS	5967		
Ministry of the Navy	11		
Ministry of National Defense	286	<b>Service Delivery:</b> 125 Directly Awarded: 118 Invitation to at least three suppliers: 4 Public Tenders: 3 Type: National 124 International: 1	
<b>Total: 6992</b>			

Finally, among the identified challenges is the lack of availability of information and the need to enhance coordination, as due to health restrictions and the confinement the responsible areas for the control had to suspend the deadlines for the delivery of information.

Effective enough, but there is always room for improvement.

The main challenge is keeping up with information and complaints.

10. If possible, please provide an overview of how non-governmental stakeholders (e.g. civil society and the media) have supported oversight efforts to detect fraud and corruption during your country's response to the pandemic. Are there any specific policies and practices your country has in place to facilitate these efforts?

The creation of the **COVID-19 Working Subgroup** was agreed on May 18, 2020, within the Steering Committee of the Open Government Partnership in Mexico, as an effort with civil society to strengthen the transparency of Government actions, budget and resources assigned to assist the COVID-19 pandemic in terms of public healthcare, as well as economic and social recovery. This action responds to the call of the Open Government Partnership known as "Open response, Open recovery" to its 78 member countries, in order to include the principles of transparency, accountability, participation and innovation as a comprehensive part of their mitigation measures with the aim of strengthening trust between governments and citizens.

Working Subgroup's mission is promoting a strategy to strengthen and monitor the transparency and accountability of the actions of Federal Public Administration. This strategy seeks not only to promote the publication of more information but to do so in accordance with accessibility criteria, from a perspective of gender, diversity and inclusion, and prioritizing populations in vulnerable situations.

Two public institutions responsible of guaranteeing transparency form the Subgroup. On one hand, the National Institute of Access to Information and Personal Data Protection (INAI), which as a constitutionally autonomous guarantor body ensures the human right of access to information. On the other hand, the Ministry of Public Administration, the Executive branch institution with the faculties of defining open government, open data and transparency policies in public management in the Federal Public Administration. These institutions make it possible to convene and coordinate the participation of the different public agencies involved in the care of the pandemic and its social and economic effects.

The Subgroup is nourished with the collaboration of 6 expert civil society organizations in public policy and transparency, all members of the **Core of the Civil Society Organizations (NOSC)**: (1) Causa Natura, (2) Equis Justicia para las Mujeres, (3) Founding Center for Analysis and Research, (4) Mexican Institute for Competitiveness (IMCO), (5) México Evalúa, a Center for Analysis of Public Policies and (6) Mexican Transparency.

This multi-stakeholder group will also have the participation of other Federal Public Administration institutions. The Subgroup is coordinating a strategy to bring together the government agencies and entities responsible for actions to address COVID-19. So

far, the Ministry of Health has been incorporated and currently approaches are being made with the Ministry of Economy and the Ministry of Finance and Public Credit.

Other purpose raised within the Subgroup is the articulation of a website to facilitate universal access to information about the pandemic starting from the currently existing sites, as well as publishing information on the use and monitoring of public resources to prevent and treat infections and actions to face the economic and social effects of the COVID-19 pandemic. For this purpose, our roadmap is as follows:

1. Joining the institutions responsible for actions to care for COVID-19, both in the health emergency phase and in the economic recovery phase, in the transparency and accountability strategy.
2. Gathering detailed information on each of the plans, programs and actions, resources and contracting for attention to the COVID-19 pandemic and the response to the economic and social effects with the responsible institutions.
3. Publishing collected information on a website and facilitate the access to all type of information about the pandemic starting from the currently existing sites.

Transparency and open data are of paramount importance to prevent corruption. In this regard, **Mexico's proactive efforts** have been several and no small thing. Right from the first day of the pandemic inland, the **Government of Mexico broadcasts** from 7 to 8 pm on open TV a daily report on the progress of the pandemic across national territory and other health matters related. Additionally, the morning conference by the President of Mexico -an accountability exercise that already existed before the pandemic but has been reinforced- is broadcasted daily from 7 to 9 am. Furthermore, a 2 day-a-week conference by the Minister of Economy from 6 to 7 pm about the economic situation and finally one more dedicated to inform about the welfare programs and the delivery of economic stimulus for the economic recovery under the schedule from 8 to 9 pm.

Source (in Spanish): <https://gobabiertomx.org/estrategia-de-transparencia-y-rendicion-de-cuentas-ante-la-situacion-de-emergencia-por-covid-19/>

It is important to note that the surveillance of civil society and the media during the pandemic has contributed to identify irregularities in procurement carried out by some hospitals where public officials were involved, where the duty investigation by SFP determined the sanction of disqualification and fine when appropriate. In a similar case the SFP has fined and disqualified some pharmaceutical companies from participate in public procurement processes.

There are many non-governmental stakeholders making important efforts to fight against fraud and corruption during the current pandemic situation:

<https://www.tm.org.mx>

<https://tojil.org/home>

The FIU has been working with both these non-governmental stakeholders in order to contribute on these efforts.

11. Considering your responses to questions 6-10 of this section, which of such measures and processes would you consider good practices to be shared with the G20 ACWG?

- **Comprehensive Citizen Complaints System (SIDEC)**

To report acts related to corruption of public officials. SIDEC receives anonymous and confidential complaints 24h of 365 days a year via telephone (toll free from entire national territory: 800 11 28 700 / Mexico City: 2000 2000), on-line web (<https://sidec.funcionpublica.gob.mx/#!/home#top>), an App available for iOS and Android, or directly in SFP headquarters.



- **COVID-19 Working Subgroup**

As described previously, a synergy between government-civil society as a fast response to the call of the Open Government Partnership to strengthen the transparency of Government actions, budget and resources assigned to face the COVID-19 pandemic in terms of public healthcare, as well as economic and social recovery.

- **Government of Mexico's Broadcast**

As an extraordinary and proactive exercise of transparency and accountability, since the begin of the pandemic in Mexico the Government broadcasts a COVID-19 report on open TV, on a daily basis, and other 2 day-a-week conferences on related topics to the pandemic as shown:

<b>Mon-Sun</b> 7 to 8 pm	<b>Ministry of Health:</b> Daily report on the progress of the COVID-19 pandemic across national territory and other health matters related
<b>Mon-Fri</b> 7 to 9 am	<b>Morning conference of the President of Mexico –</b> established even before the pandemic
<b>Tue and Thu</b> 8 to 9 pm.	<b>Government's Conference</b> about the welfare programs and the delivery of economic stimulus for the economic recovery
<b>Wed and Sat</b> 6 to 7 pm	<b>Ministry of Economy:</b> the economic situation

- **Participation of the Internal Control Bodies (ICO) in Committees of Public Procurements, Leases and Services**

In order to prevent any act of corruption during the COVID-19 pandemic, as well as to guarantee transparency and legality, the ICO in each federal institution watch the public acquisition processes, mainly of medicines or medical equipment.

- **Fitting audit working programs**

In order to target audit efforts, the central audit areas modified their working programs focusing on the review of acquisitions of goods and services across the pandemic.

On the other hand, various media have followed up on citizen complaints. An example of this is the coverage that the newspaper "El Universal" has given to the alleged overpriced purchases of medical supplies and protection against COVID-19 that the Mayor's Officer in Magdalena Contreras made to a company that distributes automotive parts, repair and gives vehicle maintenance<sup>13</sup>.

Additionally, within the framework of the health emergency caused by COVID-19 and as an effort of the civil society, the citizen platform "*Denuncia Corrupción Coronavirus*" co-managed by the CSO Human Rights and Mexican Strategic Litigation and Instituto Tecnológico de Estudios Superiores de Monterrey (ITESM) has received more than 348 reports on irregularities or corruption acts, presented directly by citizens. In some cases, legal actions have even been filed<sup>14</sup>. Until August 24, the platform has nationwide 4,202 visits and among the most serious reports are that in 13.64% of the 52 reports of corruption acts, the victim accused the misuse of coronavirus detection tests, respirators, beds or other goods<sup>15</sup>. This initiative seeks to achieve agreements and collaborations with academics and civil society organizations to offer citizens free support in the complaint, in addition to alerting the authorities to carry out the pertinent investigations.

12. In your opinion, how can the G20 countries work collectively to address corruption risks arising in connection with the COVID-19 crisis, both with respect to national efforts and international collaboration?

G20 countries could work collectively to address corruption risks arising in connection with the COVID-19 crisis by increasing the promotion of compliance measures within the private sector that participates, strengthening and developing integrity during public procurement processes in public health suppliance. To achieve it, a close transversal work with **B20** and **C20** are crucial.

It is important to mention that in Mexico the SFP is running the program **Business Integrity Registry** (in Spanish: *Padrón de Integridad Empresarial*), which is a public register for those companies that operates with corporate transparency through the implementation of anti-corruption and anti-bribery measures and controls. This policy action search to improve the synergy between government and private organizations to generate a new business ethics that involves different actors of society as entrepreneurs, students, international organisations, civil society and public servants.

In addition, G20 countries can also promote effective cooperation in national measures to protect whistleblowers. These kind of measures can protect the guarantee confidentiality for those public servants and citizens that want to alert and report possible acts of corruption, violation of human rights, harassment and sextortion in public institutions. It could be adopted by using new technologies, like the Mexican SIDEC or the Internal and External Whistleblowers against Corruption System to facilitate and guarantee the protection of those reporters of possible acts of corruption. The Internal and External Whistleblowers against Corruption System

guarantee confidentiality and protect anonymity become an important tool against corruption and could receive complaints for medical deficient services making it a powerful citizen tool to report poor health services.

Sharing all necessary information to guarantee that cases are investigated when international transactions are made.

13. In your opinion, are there any new ways of working in the anti-corruption space which may be necessitated by the impact of COVID-19, in response to short or longer-term trends (e.g., conducting remote court hearings on corruption cases)? Please elaborate.

The requests for economic resources to be allocated in response to the COVID-19 emergency run the risk to end up in the hands of organized crime groups or in the “private sector” for money laundering. This may happen especially at local level where congressional representatives may not be aware or take actions to prevent the misuse of these funds by establishing adequate controls of transparency and accountability avoiding impunity or conflict of interest.

Corruption at local government level can receive bribes to approve debts for its administrations with the “aim” of using those resources for the COVID-19 pandemic medical necessities because of lack of transparency in the use and application of public resources.

Collusion and impunity among the local governments requires a strong authority's supervision with honesty and transparency. Strengthening Anticorruption Local Systems to guarantee all local entities be observed helps to establish controls over those procedures. Furthermore, transparent public procurement processes, with electronic media to complaint possible corruption acts or poor medical services will help.

Finally, it would be necessary to move towards the digitization of the files, the request for information from other authorities and the remote conduct of statements and judicial hearings. However, these measures would require considering some obstacles, for example ensuring the confidentiality of information from ongoing criminal investigations. Likewise, it should be ensured that differences in access to technological tools do not impede due process and access to justice for complainants and accused.

The main challenge for the prevention and fight against corruption authorities is the need to implement new technologies that allow online hearings, electronic judicial files; as well as implementing artificial intelligence to manage and process huge data volumes, to forecast results and draw other valuable conclusions.

14. If possible, please outline measures which could be taken in your country to prepare for and safeguard against risks during future crises in terms of the anti-corruption response.

For Mexico, it is clear that the frontal fight against corruption and impunity in the long term is the most direct, effective and forceful way to promote both efficiency and effectiveness in public management, throughout the use of human resources and materials oriented to the general welfare of the population.

Corruption is a form of social domination supported by structural power revealed as the abuse of any position of power, public or private, with the aim of generating an undue benefit to the cost of collective or individual well-being. Any long-term effort to eliminate public corruption and impunity acts has to enforce citizens' means against power abuse.

Mexico is executing a medium-term policy to control and prevent any future corruption and impunity risk. For the first time, the Mexican government implements an anti-corruption plan/program covering the entire federal public administration with the aim of break the structural chains that support corruption and to improve the use of public resources as an urgent demand for the welfare of the people.

**The National Program for Combatting Corruption and Impunity, and to Improve Public Management 2019-2024**, is aligned with the National Development Plan strategic objective of eradicate corruption, waste and government frivolity from national life. The priority objectives of the Program are the following:

1. Fighting head-on the causes and effects of corruption
2. Combat administrative levels of impunity in the Federal government
3. Foster the efficiency and effectiveness of public management
4. Encourage the professionalization and efficient management of the FPA's human resources
5. Promote the efficient and responsible use of the resources of the Mexican State.

For the compliance of the people's mandate to build a fair, supportive and prosperous country, the Government of Mexico has the responsibility of building a viable long-term model of economic development, political order and co-existence among the social sectors. To achieve this purpose, the Program have a decisive weight since it will verify that corrupt behaviour will be prevented and punished, and the constant improvement of the government's managing will be fostered and that public resources are translated into benefits for the population.

Measures that could be taken against risks during future crises in terms of the anti-corruption response are:

- Specific contracting transparency platforms to address particular risks
- Incorporate the Financial Intelligence Unit and the Tax Administration Service into the National Anti-Corruption System.
- Issue a Regulatory Law of article 29 of the Political Constitution of the United Mexican States that refers to the suspension of rights.
- Prepare a homogeneous communication strategy for actions and measures to mitigate risks.

15. If possible, from your own perspective, are there any areas of overlap between the ACWG priorities in 2020 and the response to the COVID-19 crisis, or other future crises which you

would like to highlight? For example, has ICT been used to enforce anti-corruption controls during the pandemic? Would you consider including mechanisms for emergency responses in your national anti-corruption strategy, if your country has one? Please elaborate.

During the attention of resultant implications of the preventive social lockdown, the Mexican government has implemented diverse actions aimed at strengthening the fight against corruption and impunity, using ICTs.

1. A vital measure to mitigate any form of administrative fault or act of corruption of public officials is the obligation to declare their assets and possible conflicts of interest during May each year, which they do through an electronic system called **Declaranet**. The main goal is that the public officials declare any participation in private companies, associations or declare if participate in any decision taking, who are their principal clients, the private benefits obtained or trust. As a result, the SFP operates the 2020 System of Assets and Interest Declarations with new formats, establishing support and supervision measures so this action can be fulfilled even during the lockdown. It is important to note that for the first time, this responsibility in 2020 has been for all federal public officials at all levels, including operational ones, so the volume of declarations increased considerably.
2. Mexico as a Part of the highest international conventions and mechanisms against corruption (UNCAC, Inter-American Convention against Corruption, OECD Anti-bribery Convention, FAFT) fulfils the commitment established in those international instruments by implementing measures to protect and guarantee the confidentiality of those that alert and report possible acts of corruption. For instance, SFP provides to citizens the Comprehensive System of Citizen Complaints (SIDEC) and the Internal and External Whistleblowers System, both effective policies to fight against bribery, embezzlement and diversion of public resources, among others, even in isolation conditions to facilitate and guarantee the protection of those who report possible acts of corruption. SFP is developing new and strengthened government mechanisms to improve democratic transparency with an expansive vision using ICTs to promote citizen reporting. Effective mechanisms that guarantee the confidentiality and anonymity of whistleblowers is an effective policy to build a fair and honest country through accountability and citizen participation against corruption.
3. It is worth noting the creation of the website <https://coronavirus.gob.mx> with real-time access to daily technical reports on the progress of the pandemic at global and national levels, in addition to the fact that these technical reports can be consulted daily. The website provides information on different topics related to the pandemic, including open data and measures for economic recovery constantly updated and always available for download.

ACWG priority areas coincide with the response to the COVID-19 crisis. For example, both point out the relevance of the participation of civil society and the private sector in preventing and combating corruption; the importance of open data, conflicts of interest, measurement of corruption, economic crimes, and innovations or mechanisms to combat corruption.

On the other hand, it is important to note that the 2019-2020 National Risk Assessment does not include a section on emergency response mechanisms in general, but rather includes a specific chapter on COVID-19 and the measures adopted to mitigate emerging risks that arose.

<sup>7</sup> <https://plataformadigitalnacional.org/contrataciones>

<sup>8</sup> <https://www.gob.mx/sfp/es/articulos/funcion-publica-avanza-con-los-procedimientos-sancionatorios-por-la-compra-de-20-ventiladores-del-imss-en-hidalgo-242591?idiom=es>

<sup>9</sup> Idem.

<sup>10</sup> <https://www.gob.mx/sfp/es/articulos/no-se-permitira-que-empresas-privadas-lucren-indebidamente-con-la-emergencia-sanitaria-247391?idiom=es>

<sup>11</sup> [https://compranetinfo.hacienda.gob.mx/uncp/doctos/criterios/crit\\_com/tu-03-2020.pdf](https://compranetinfo.hacienda.gob.mx/uncp/doctos/criterios/crit_com/tu-03-2020.pdf)

<sup>12</sup> <https://sna.org.mx/2020/07/07/funcion-publica-inhabilita-a-la-empresa-cyber-robotic-solutions-s-a-de-c-v/>

<sup>13</sup> <https://www.eluniversal.com.mx/metropoli/cdmx/compra-de-material-medico-sobreprecio-en-la-magdalena-contreras>

<sup>14</sup> <https://denunciacorrucion.info/corrucion.php>

<sup>15</sup> Idem

## **RUSSIA:**

### **A. Corruption Risks during the COVID-19 Pandemic**

1. Has your government assessed domestic or transnational corruption risks arising during the COVID-19 pandemic, either through a formal risk assessment or other informal means? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents such as anti-corruption plans to mitigate corruption risks arising in connection with the COVID-19 crisis).

Rosfinmonitoring (Russia's financial intelligence unit) has carried out an assessment of the threats to the national security of the Russian Federation that arise from the operations with the use of money and other assets during the COVID-19 pandemic. Based on this analysis, Rosfinmonitoring has prepared a set of materials entitled «Risks of embezzlement of public funds, property of citizens and organisations during the coronavirus pandemic», which are employed, in particular, in the activities of the investigative bodies in the Russian Federation.

The document outlines the following corruption risks:

- Risks of embezzlement of public funds allocated to the fight against COVID-19:
  - Risks associated with public procurement;
  - Purchase of overpriced goods, medical equipment, products, expendable supplies and personal protection equipment;
  - Facilitated procedures for the procurement of goods not related to the fight against the pandemic;
  - Failure to comply with the obligations under public contracts under the pretext of impossibility to do so because of the coronavirus pandemic;
  - Embezzlement of public funds under the pretense of spending them on certain needs of the coronavirus pandemic;
  - Sale of counterfeit and expired products and products of low quality, which make it impossible to use them for their intended purpose;
- Risks of embezzlement of public funds allocated to support citizens and economic system during the coronavirus pandemic.

2. Has your government undertaken any previous corruption risk assessment which is relevant to activities being conducted, or risks present in the current pandemic situation or other emergency scenarios (e.g. an assessment of corruption risks in the healthcare sector which existed beforehand, assessment on emergency procurement processes, etc.)? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents).

Corruption risks have been detected, in particular, in public procurement. However, already before the pandemic these risks were addressed by the competent public authorities. For instance, section III of the National Anti-Corruption Plan 2018 to 2020 provides for strengthening the measures for detecting and preventing conflict-of-interest situations of the participants of public procurement, creating a single register of legal persons made liable for the violation of article 19.28 «Illicit reward on behalf of a legal person» of the Code of Administrative Offences of the Russian Federation.

3. Please outline the top 3–5 corruption risks your country has identified (both short and longer term) arising in connection with the COVID-19 crisis. Where possible, please indicate whether these risks were present and/or high prior to the onset of the pandemic. When outlining risks, you may consider the following (non-exhaustive) list:

- Corruption and fraud risks in public procurement of medicines, medical supplies or any related goods or services (this may include price gouging, bribery, self-dealing, and any other risks occurring specifically as a result of public procurement rules allowing for expedited delivery of goods/services during the pandemic).
- 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).
- 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.
- Misdirection or exploitation of government funds or other assets (e.g. PPE, ventilation equipment).
- Fraudulent billing to the government or insurance companies for the provision of healthcare services.
- Undue influence and conflicts of interest in healthcare provision and regulation (including drug development and market entry), policy-setting and evaluation.
- Provision of counterfeit medical supplies and / or medication.
- 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.
- Increases in COVID-19 related cyber-criminal fraud.
- Impeded anti-corruption enforcement actions due to the COVID-19 crisis.
- Impeded provision of international cooperation (e.g. mutual legal assistance) due to the COVID-19 crisis.
- Exploiting the disbursement of national economic relief/rescue/stimulus packages, including:
  - Officials soliciting bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Officials being offered, promised or given bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Sexploitation (including sexual exploitation and sextortion) and abuse of vulnerable or marginalized communities in exchange for financial or in-kind support as part of economic/social support services.
  - Schemes such as creating false or non-existent beneficiaries to embezzle stimulus / relief funds.
- Exploiting international financial aid related to COVID-19 or other types of support.

- 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.

The analysis of law enforcement measures suggests that there have been certain corruption risks in public procurement of medicines, medical supplies and related goods and services, misdirection and exploitation of government funds, and provision of counterfeit medical supplies and medication.

4. If possible, please provide examples of detected or suspected instances of domestic or transnational corruption or fraud, in line with the key risk areas mentioned in question 3. Please include a summary of the detected or suspected act, and how it was detected. Where such information is sensitive, please provide examples of the type of incident which has occurred.

The information regarding the procurement of goods, works and services for public and local needs is available in the Single procurement information system (<https://zakupki.gov.ru/>). Therefore, corruption-prone situations may be detected through the analysis of the information that is provided online. In this context we can cite the following example.

On behalf of the Prosecutor General of the Russian Federation the prosecutor's office of the region of Saratov launched on 29 April 2020 and has been conducting the verification of the information previously published in the media about public procurement of individual face masks for medical purposes at a price of 425 rubles (approximately 6 USD) apiece. During the verification procedure the prosecutor's office will assess the compliance with the legal requirements regarding the contracting system in procurement of goods and the justification of the price of the PPE for medical purposes. In the outcome of the verification procedure necessary measures will be taken by the prosecutor's office.

5. Are any longer-term trends in corruption risks beginning to emerge as a result of COVID-19 in your country that will need a new or improved anti-corruption approach in the future? Please elaborate on these trends, and the new or improved anti-corruption approach if possible.

The assessment of the effectiveness of anti-corruption measures during the coronavirus pandemic has not been assessed as of yet. Global synthesis and analysis of the detection of and investigation into the crimes of this category, including the impact of facilitated procedure of public procurement and suspension of business and labour activities on the crime patterns, are scheduled for the first quarter of 2021.

## B. Anti-Corruption Controls during the Pandemic

6. What are the anti-corruption controls, safeguards, and measures that your government has put in place to address corruption risks identified in section (A)? Please highlight any

special measures or procedures that have been introduced during the pandemic (e.g. telephone hotlines to report corruption in the allocation and disbursement of crisis response funds, an interagency cooperation taskforce among anti-corruption authorities, cooperation across international borders, ex-post facto audits of crisis related spending, publishing the beneficial ownership information of companies awarded public contracts, etc.)?

The implementation of the public contracts related to COVID-19 have been monitored by Rosfinmonitoring (Russia's FIU).

The emerging corruption risks and the measures to detect them have been communicated to the reporting entities of the private sector through the publication of respective materials on the official website of Rosfinmonitoring and in the personal account section of those entities. Particular attention has been paid to the preventive measures in the framework of compliance procedures.

Besides that, investigative and operational bodies regularly prevent and detect possible situation of abuse of functions and embezzlement of public funds allocated to the fight against the coronavirus pandemic and support to the sustainable development of national economy.

Before that the territorial investigative bodies of the Investigative committee of the Russian Federation were requested to strengthen their efforts in the fight against crime, including its international forms, related to the production and sale of drugs, PPEs and medical equipment.

In addition, the Federal Anti-Monopoly Service is detecting bid-rigging cartels in the markets of food, medical equipment, and expendable products along with the facts of inflated prices for essential goods during the pandemic.

7. Does your government have any specific legislative / governance procedures in place to allow for timely public procurement in emergency situations? If so, please describe these briefly below. If not, how is emergency public procurement during the Coronavirus pandemic taking place / how did it take place and what anti-corruption measures were adopted?

The Government of the Russian Federation has adopted measures aimed at stabilizing national economy and improving the public procurement procedure during the pandemic.

The Federal Law of 2020 "On Amendments to Specific Legal Acts of the Russian Federation Regarding the Prevention and Elimination of the Consequences of Emergencies" made amendments to the Federal Law of 2013 "On Contracting System in the Area of Procurement of Goods, Works and Services for Public and Municipal Needs". The new provisions have raised the possibility to conclude direct contracts for the needs of the COVID-19 pandemic.

By 31 December 2020, when submitting tenders customers are allowed not to apply specific requirements or safeguards to the implementation of contracts, except for the cases when contracts provide for an advance payment. Besides that, the parties to a contract may agree to modify the deadline of its implementation and its price, for the

reasons of force majeure and in other cases defined by the Government of the Russian Federation. In addition, the amount of the maximum price of direct contracts was redoubled and the minimum amount for contract administration was significantly reduced.

8. Do any mechanisms exist in your jurisdiction which are specifically-designed to monitor procurement activity during any public emergency, including the current COVID-19 pandemic? Please elaborate.

Rosfinmonitoring monitors over 7,000 contracts which subject is related to the COVID-19 pandemic. The total price of these contracts amounts to 11 billion RUB (around 150 million USD); they are being implemented by 4,500 legal persons and individual entrepreneurs. Rosfinmonitoring conducted a risk assessment of the parties to these contracts in order to prevent their fair failure to implement them. The assessment allowed the body to detect a number of contracts that were at risk. The respective materials were handed over to the law enforcement authorities. As of today, some contracts have been cancelled and criminal proceedings have been instituted.

As a consequence, a positive trend is currently being registered: the implementation standards have strengthened and the number of suspicious transactions and shell companies is decreasing.

9. How effective do you believe the domestic anti-corruption controls referenced in questions 6-8 in this section have been, and what have been the main challenges?

The assessment of the effectiveness of the adopted measures will be conducted by the national competent authorities in the first quarter of 2021.

10. If possible, please provide an overview of how non-governmental stakeholders (e.g. civil society and the media) have supported oversight efforts to detect fraud and corruption during your country's response to the pandemic. Are there any specific policies and practices your country has in place to facilitate these efforts?

In accordance with the established practice competent federal authorities rapidly react to the publications regarding fraud and corruption in the media through different monitoring instruments. As for the support of the efforts of NGOs in the issues of combatting corruption the following example may be provided.

Under Decision No. 1 of 30 January 2019 of the foundation managing the programme of presidential grants for the empowerment of civil society the topic "Raising legal awareness among the general public" (including raising awareness about corruption) was inserted in the list of the priority areas of the programme. The rules of the selection procedure stipulate that the successful experience of an NGO in implementing its programmes and projects in the area of raising public awareness about corruption among the general public, promotion of anti-corruption values and research support to the fight against corruption must be taken into consideration.

11. Considering your responses to questions 6-10 of this section, which of such measures and processes would you consider good practices to be shared with the G20 ACWG?

Considering the fact that the assessment and analysis of the measures adopted in 2020 will be conducted in the first quarter of 2021, the requested information cannot be provided.

12. In your opinion, how can the G20 countries work collectively to address corruption risks arising in connection with the COVID-19 crisis, both with respect to national efforts and international collaboration?

The G20 countries could strengthen their cooperation, in particular, by enhancing and facilitating informal contacts between practitioners.

13. In your opinion, are there any new ways of working in the anti-corruption space which may be necessitated by the impact of COVID-19, in response to short or longer-term trends (e.g., conducting remote court hearings on corruption cases)? Please elaborate.

The COVID-19 pandemic proved the necessity to further strengthen anti-corruption prevention measures via digitalization.

14. If possible, please outline measures which could be taken in your country to prepare for and safeguard against risks during future crises in terms of the anti-corruption response.

At this stage the requested information cannot be provided, considering the fact that prior comprehensive analysis of the adopted measures should be carried out.

15. If possible, from your own perspective, are there any areas of overlap between the ACWG priorities in 2020 and the response to the COVID-19 crisis, or other future crises which you would like to highlight? For example, has ICT been used to enforce anti-corruption controls during the pandemic? Would you consider including mechanisms for emergency responses in your national anti-corruption strategy, if your country has one? Please elaborate.

Russia is of an opinion that all ACWG priorities in 2020 are relevant for the prevention of corruption risks in times of the global pandemic crisis.

## **SAUDI ARABIA**

### **Questionnaire for the members of the G20 ACWG**

#### **A. Corruption Risks during the COVID-19 Pandemic**

1. Has your government assessed domestic or transnational corruption risks arising during the COVID-19 pandemic, either through a formal risk assessment or other informal

means? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents such as anti-corruption plans to mitigate corruption risks arising in connection with the COVID-19 crisis).

Over the past ten months, the Saudi Control and Anti-corruption Authority (Nazaha) has continually assessed COVID-19 corruption risks, relying on the following sources:

1. Whistleblowers' reports
2. Public opinions and expressions on social media
3. Perception surveys of public officials, business people, and the general public
4. On-site inspection visits to government agencies that are responsible for providing health care service or stimulus package for the private sector
5. E-control analysis reports (i.e. Nazaha embeds certain indicators within some government agencies systems to red-flag any suspicious activities or possible fraudulent transactions)
6. International organizations' reports on corruption risks. (E.g. those such as that found in the following link:

<https://www.nazaha.gov.sa/en-us/MediaCenter/news/Pages/news1272.aspx>)

Also, Nazaha closely cooperates with the following agencies to manage corruption risks in the public sectors:

- ii. Saudi Data and Artificial Intelligence Authority
- iii. The Anti-Money Laundering Permanent Committee
- iv. The National Cybersecurity Authority
- v. The National Risks Board

Internationally, Nazaha is currently working with the UNDP to update its methodology for corruption risk management in the Saudi public sector.

Finally, it is worth mentioning that Nazaha is mandated by law to assess the levels of integrity and corruption in the Kingdom of Saudi Arabia on annual basis, and report the result of this assessment to the King. Such report is also discussed in the Shoura Council (i.e. the Saudi Parliament).

2. Has your government undertaken any previous corruption risk assessment which is relevant to activities being conducted, or risks present in the current pandemic situation or other emergency scenarios (e.g. an assessment of corruption risks in the healthcare sector which existed beforehand, assessment on emergency procurement processes, etc.)? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents).

The Control and Anti-corruption Authority (Nazaha) conducts an annual corruption risk assessment. As a result of this assessment, Nazaha proposes laws and policies necessary to prevent and combat corruption. For instance, Nazaha worked with the Ministry of Finance on the development of both the

Government Tenders and Purchases Law and The Electronic Government Procurement System, the Etimad Portal, with the aims of enhancing integrity, transparency, and competitiveness, and ensuring fair treatment of contractors; as well as ensuring equal opportunity.

3. Please outline the top 3–5 corruption risks your country has identified (both short and longer term) arising in connection with the COVID-19 crisis. Where possible, please indicate whether these risks were present and/or high prior to the onset of the pandemic. When outlining risks, you may consider the following (non-exhaustive) list:
- Corruption and fraud risks in public procurement of medicines, medical supplies or any related goods or services (this may include price gouging, bribery, self-dealing, and any other risks occurring specifically as a result of public procurement rules allowing for expedited delivery of goods/services during the pandemic).
  - 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).
  - 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.
  - Misdirection or exploitation of government funds or other assets (e.g. PPE, ventilation equipment).
  - Fraudulent billing to the government or insurance companies for the provision of healthcare services.
  - Undue influence and conflicts of interest in healthcare provision and regulation (including drug development and market entry), policy-setting and evaluation.
  - Provision of counterfeit medical supplies and / or medication.
  - 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.
  - Increases in COVID-19 related cyber-criminal fraud.
  - Impeded anti-corruption enforcement actions due to the COVID-19 crisis.
  - Impeded provision of international cooperation (e.g. mutual legal assistance) due to the COVID-19 crisis.
  - Exploiting the disbursement of national economic relief/rescue/stimulus packages, including:
    - Officials soliciting bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
    - Officials being offered, promised or given bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
    - Sexploitation (including sexual exploitation and sextortion) and abuse of vulnerable or marginalized communities in exchange for financial or in-kind support as part of economic/social support services.

- Schemes such as creating false or non-existent beneficiaries to embezzle stimulus / relief funds.
- Exploiting international financial aid related to COVID-19 or other types of support.
- 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.

As a result of COVID-19 pandemic, the Saudi government took precautionary and strong measures to alleviate the impact of this pandemic, including:

- i. Free healthcare services to all residents, including those who are in violations of Residency Laws.
- ii. Economic stimulus measures (e.g. Deferred Payments Program, Funding for Lending, Loan Guarantee Program)
- iii. Tax and customs measures (e.g. payment deferrals, rate reductions)
- iv. Employment-related measures (e.g. state compensation schemes)

To ensure prompt response to COVID-19, the Saudi government allocated extra billions of USD to each relevant government agency responsible of the delivery of aforementioned measures.

However, the need to balance expedience of response with the promotion of integrity necessarily led to the relaxation of some forms of oversight, in order to prioritize the response and not create a “culture of fear” where officials were scared to enter into necessary procurement contracts. As a result, a number of increased risks were observed.

Although it is pre-mature to exactly determine the highest COVID-19 corruption risks, Nazaha witnessed a larger number of corruption reports related to the following:

- Exploiting the government financial aid targeting the private sector; particularly, the government’s wage subsidy of 60% (up to SAR 9,000 per employee per month) of Saudi employees’ salaries in the private sector during COVID-19 pandemic lockdown
- Bribery to secure (or over-price) contracts with the government, which were intended to quarantine thousands of overseas travelers and those exposed to infected people in hotels (e.g. health workers coordinating with quarantined individuals to inflate the price of quarantine accommodation, and split the difference as personal profit)
- Abuse of entrusted power to bypass the COVID-19 restrictions (e.g. allowing infected patients to leave the quarantine, giving relatives undeserved travel permits amid COVID-19 lockdown)
- Citizens and residents, who broke the curfew order and offered sums of money for security officers as bribes in exchange to release them and not to fine them.

4. If possible, please provide examples of detected or suspected instances of domestic or transnational corruption or fraud, in line with the key risk areas mentioned in question 3. Please include a summary of the detected or suspected act, and how it was detected. Where such information is sensitive, please provide examples of the type of incident which has occurred.

Nazaha periodically publishes discovered corruption cases on its website. For more information on published COVID-19 corruption cases, please refer to the following links:

- <https://www.nazaha.gov.sa/en-us/MediaCenter/news/Pages/news1276.aspx>
- <https://www.nazaha.gov.sa/en-us/MediaCenter/news/Pages/news1281.aspx>
- <https://www.nazaha.gov.sa/en-us/MediaCenter/news/Pages/news1279.aspx>
- <https://www.nazaha.gov.sa/en-us/MediaCenter/news/Pages/news1274.aspx>
- <https://www.nazaha.gov.sa/en-us/MediaCenter/news/Pages/news1288.aspx>
- <https://www.nazaha.gov.sa/en-us/MediaCenter/news/Pages/news1273.aspx>

5. Are any longer-term trends in corruption risks beginning to emerge as a result of COVID-19 in your country that will need a new or improved anti-corruption approach in the future? Please elaborate on these trends, and the new or improved anti-corruption approach if possible.

The major impact of the COVID-19 pandemic was in limiting the government's ability to fully enforce its anti-corruption policies, as well as negatively impacting the institutional capabilities of the anti-corruption authority. This includes the ability of Nazaha in conducting its day-to-day business, fearing further spreading the COVID-19 virus.

Although again it is premature to highlight long-term trends emerging, a key takeaway is that governments must strike the right balance between giving government agencies sufficient resources to empower them to confront any Virus, and imposing anti-corruption measures to protect public money. Given the largely novel nature of this threat, governments should review their approach and develop guidance in this area.

## B. Anti-Corruption Controls during the Pandemic

6. What are the anti-corruption controls, safeguards, and measures that your government has put in place to address corruption risks identified in section (A)? Please highlight any special measures or procedures that have been introduced during the pandemic (e.g. telephone hotlines to report corruption in the allocation and disbursement of crisis response funds, an interagency cooperation taskforce among anti-corruption authorities, cooperation across international borders, ex-post facto audits of crisis related spending, publishing the beneficial ownership information of companies awarded public contracts, etc.)?

Saudi Arabia has taken a coordinated approach to combatting corruption risk through the pandemic. In particular, coordination between Nazaha and other government agencies such as the Ministry of Health has been a priority.

At an oversight level, two committees have been established within the Ministry of Health: the COVID-19 Follow-Up Committee, overseeing activities such as purchasing orders etc., and a standing committee on Protecting Integrity and Promoting Transparency, overseeing implementation of best practices in fighting corruption in the healthcare sector.

At a more operational level, Nazaha has been active in detecting corruption, continuing to pursue a number of measures in this regard, whilst noting the need to avoid being too overbearing so as to create a culture of fear around rapid public procurement. Such measures include on-site visits to government agencies, the publishing of detected corruption cases as a deterrent, and the encouragement of corruption reporting and whistleblowing by citizens, through a wide range of channels, with an offer of monetary compensation for such reporting.

As further information on the establishment of the above-mentioned committees, please refer to the below link.

<https://www.nazaha.gov.sa/en-us/mediacenter/news/pages/news1278.aspx>

7. Does your government have any specific legislative / governance procedures in place to allow for timely public procurement in emergency situations? If so, please describe these briefly below. If not, how is emergency public procurement during the Coronavirus pandemic taking place / how did it take place and what anti-corruption measures were adopted?

Article 44 of the executive regulations of the government tenders and procurement system issued by Ministerial Resolution No. 1242 dated 3/21/1441 AH, stipulates that emergency procurement measures may be brought into force under a set of pre-determined conditions.

In such an emergency situation, the Court of Audit must legally be provided with all agreements, contracts and exchange documents under this article, to ensure transparency and promote oversight in times of crisis. Such is the case for the COVID-19 pandemic.

8. Do any mechanisms exist in your jurisdiction which are specifically-designed to monitor procurement activity during any public emergency, including the current COVID-19 pandemic? Please elaborate.

Transparency and integrity are key factors in the public procurement processes even through normal times, with a range of measures in place to ensure proper purchasing. These include:

- The assignment of a Financial Controller, from the Ministry of Finance, to each government department who must review the documentation and conditions for procurement and pre-approve any disbursement.
- The requirement of State Audit institutions to review expenditure conducted by Ministries or government departments ex-post
- The use of a digital portal (Etimad) for the receipt of bids for public contracts; this system includes a range of checks to red-flag any suspicious procurement activity (e.g. a previous case was detected where a procurement contract bid quoted the phone number of a public employee in the procurement department as their contact number)
- The development of a number of key indicators of potential corruption, of which six are routinely checked for and present red-flags for corruption risk (these are when only one bid is submitted; potential bid-rigging; contract awarded is less than 35% of the department's predicted cost; withdrawal of offers after submission; cancelled contracts; and offers from multiple companies submitted from the same IP address)

Throughout the pandemic, these measures have remained in force, further reducing opportunities for corruptionbalance

9. How effective do you believe the domestic anti-corruption controls referenced in questions 6-8 in this section have been, and what have been the main challenges?

Saudi Arabia's anti-corruption controls have been broadly effective, noting that there is a trade-off between control of corruption and empowerment of public employees to respond to the crisis. In particular, a consistent goal has been to not spread fear, and instead ensure that public officials have the power and confidence to transact in areas where it is critically needed, without delay.

The main challenges in the response have been in striking this balance, as well as in being able to deal with corruption cases in an efficient manner, especially given the limited capacity of agencies such as ours under a national "lockdown"-type situation.

An additional challenge has been around the complex nature of the pandemic, and developing a response without a view of best practices, given the novel nature of the crisis, and without experience in responding to such a pandemic.

10. If possible, please provide an overview of how non-governmental stakeholders (e.g. civil society and the media) have supported oversight efforts to detect fraud and corruption during your country's response to the pandemic. Are there any specific policies and practices your country has in place to facilitate these efforts?

Nazaha recognizes the strong role that whistleblowers have to play in bringing corruption to light. In addition to the committees established within the Ministry of Health, as referenced in the response to question 6, a number of channels also exist

for reporting to regulatory authorities, including Nazaha, as well as the Ministry of Commerce in the case of overpricing or commercial fraud.

In particular, Nazaha has a dedicated department to follow up on flags raised by citizens. These include direct reports through diverse channels such as phone calls, WhatsApp, a web reporting form, and others, as well as mentions of such potential corruption on social media platforms such as Twitter. A number of cases have been detected through initial whistleblowing through this platform.

Finally, Whistleblowers are also incentivized with a monetary reward, as well as protected from retribution by Royal Order.

<https://www.nazaha.gov.sa/en-us/mediacenter/news/pages/news1278.aspx>

11. Considering your responses to questions 6-10 of this section, which of such measures and processes would you consider good practices to be shared with the G20 ACWG?

We believe there are four key areas in which the Saudi approach has been particularly successful, and which may interest other countries in adopting:

**1. Digital transformation – particularly in the field of anti-corruption:**

Nazaha has developed an e-control center, a digital platform connecting with all government institutions across KSA. This platform facilitates analysis of government business, and identification of high-risk areas for corruption; in particular, all government institutions must upload their internal audit reports to this platform, which can then be analyzed for violations, risk assessment and follow up on outstanding actions

**2. Digital transformation – in healthcare, to reduce opportunities for abuse of power:**

Saudi Arabia has developed and implemented a free digital healthcare system for its population, notably including the e-clinic, which allows patients to receive digital consultations, have prescriptions assigned digitally, and collect these from a local pharmacy directly without the need to enter the clinic. By digitizing areas such as prescription distribution and clinic waiting lists, the opportunities for abuse of power are reduced.

**3. Whistleblower systems**

Saudi Arabia has a wide range of channels available for whistleblowers to report, including channels such as WhatsApp and social media. In particular, the social media following of the Control and Anti-Corruption Authority is particularly large, allowing messages to be sent out at scale, and often achieving results. In addition, a dedicated team for analyzing potential corruption incidents highlighted over social media ensures that information on such platforms is fully leveraged

**4. Government capacity and support**

Throughout times of crisis, and even as public finances are squeezed, it is critical to maintain the effective and efficient functioning of government institutions. The large financial and capacity-based support programs from the

KSA government helped to ensure effective anti-corruption oversight could continue.

12. In your opinion, how can the G20 countries work collectively to address corruption risks arising in connection with the COVID-19 crisis, both with respect to national efforts and international collaboration?

Saudi Arabia sees the following as critical if countries are to effectively work together to combat corruption in the COVID-19 response:

- Experience-sharing between G20 countries on the challenges observed due to the pandemic, and how these can be overcome
- Increasing informal cooperation between anti-corruption law enforcement, particularly through platforms such as the Riyadh Initiative
- Effective coordination in the demand and supply of critical resources in the response, e.g. medical equipment and vaccine units, to avoid competing with each other over price and availability and ensure fair access for all

13. In your opinion, are there any new ways of working in the anti-corruption space which may be necessitated by the impact of COVID-19, in response to short or longer-term trends (e.g., conducting remote court hearings on corruption cases)? Please elaborate.

The pandemic has, in particular, highlighted the importance of a coordinated, digital response to corruption risks. As perpetrators increasingly shift to online methods, and the ease of transacting or operating across borders in real time increases, authorities must have the capacity to respond in a digital environment.

In particular, Saudi Arabia has seen benefits from the adoption of e-government platforms and systems across the Kingdom. Digitization of services has helped to reduce opportunities for corruption in itself, but more importantly, has facilitated links to Nazaha's own platforms, allowing the authority to monitor and flag corruption risks across government platforms with the aid of ICT-based solutions. The Etimad platform, previously referenced, is an example of this success.

In addition, we have noted the adoption of new technologies across all areas of government, for example the use of electronic interrogation sessions and judicial hearings via video link, to expedite investigation and prosecution of corruption. All of this must of course be accompanied by a strong focus on cyber-security, to ensure that such enforcement activity is conducted in a confidential manner.

14. If possible, please outline measures which could be taken in your country to prepare for and safeguard against risks during future crises in terms of the anti-corruption response.

A successful response to future crises relies upon success in four core areas:

- **Legislation** – whilst existing anti-corruption legislation has proven effective, it is clear that countries have been caught off-guard in some regards when responding to this crisis. Countries should review legislation and guidance on transacting and operating in a crisis scenario, and update this based on learnings from the pandemic
- **Technology** – given the shift towards online access, remote working etc. that has been observed during the pandemic, a successful response to future crises will rely upon governments having access to high-quality, up-to-date digital platforms and solutions to prevent, detect and sanction corruption
- **Governance** – ensuring accountability and transparency at every level is critical to deterring corruption. By publishing all tenders received, awarded etc., corruption risks become evident in the public domain, and publishing cases – including those of high-profile individuals convicted of corruption offences – sends a strong message of accountability that nobody is exempt from corruption controls
- **Culture** – a culture of integrity, where citizens and public employees lead by example in the fight against corruption, is equally important. Embedding such a culture is a long process, starting by enhancing society's awareness of corruption risks and their need to cooperate in reducing these, and moving to a position where individuals come to champion this cause

15. If possible, from your own perspective, are there any areas of overlap between the ACWG priorities in 2020 and the response to the COVID-19 crisis, or other future crises which you would like to highlight? For example, has ICT been used to enforce anti-corruption controls during the pandemic? Would you consider including mechanisms for emergency responses in your national anti-corruption strategy, if your country has one? Please elaborate.

The Use of ICT has proven a critical element of the fight against corruption, in line with the associated G20 Principles produced this year. In particular, digital transformation of government procurement business, and electronic control of high-risk activities, reduces the opportunity for abuse of power or bribery, and the implementation of e-government systems allow for robust, real time, digital checks on activity to be put in place.

In addition, the development of National Anti-Corruption Strategies is also important. We have observed that a number of countries have apparently struggled to coordinate across all relevant entities to develop and implement revised, appropriate anti-corruption controls during the pandemic; national strategies can assist in setting out the interaction model between agencies, expediting this process.

## SOUTH AFRICA

### Questionnaire for the members of the G20 ACWG

#### A. Corruption Risks during the COVID-19 Pandemic

1. Has your government assessed domestic or transnational corruption risks arising during the COVID-19 pandemic, either through a formal risk assessment or other informal means? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents such as anti-corruption plans to mitigate corruption risks arising in connection with the COVID-19 crisis).

Corruption risk associated with COVID-19 were identified, these include the following key risks:

- a) Inflation of prizes for COVID-19 related procurement (e.g. PPEs, COVID-19 facilities such as quarantine sites, hospital beds, medication, ventilators, etc.);
- b) Selling of counterfeit medical equipment and PPEs, (e.g. COVID-19 testing kits, hand sanitizers, face masks, ventilators, etc.);
- c) Deviation from competitive bids without any justification during procurement of COVID-19 goods and services, causing irregular expenditure;
- d) Use of suppliers that are not registered on Central Supplier Database to procure COVID-19 goods and services;
- e) Non-compliance with Preferential Procurement Regulations, which deprive SMMEs an opportunity to participate in procurement process during COVID-19;
- f) Non Profit Organizations (NPOs) established as vehicles to access COVID-19 funds, which are meant to provide social relief to poverty-stricken communities; and
- g) Donations to the National and Provincial Departments of Health diverted to other projects.

To ensure that the above corruption risks are mitigated, the following controls were put in place:

- a) Approved maximum price list for procurement of PPEs to avoid inflation of prizes;
- b) Accounting Officers directed to implement Preferential Procurement Regulations;
- c) Competition Commission activated to investigate inflation of prizes and uncompetitive behavior;
- d) President signed the COVID-19 Proclamation for the Special Investigation Unit (SIU) to investigate all COVID-19 related procurement corruption;
- e) COVID-19 Fusion Centre established to coordinate all law enforcement agencies investigations around COVID-19 procurement corruption;
- f) Solidarity Fund has been established with independent Directors to manage and disburse donations related to COVID-19;

- g) Auditor-General conduct real-time audits on COVID-19 procurement;
- h) South African Health Product Regulatory Authority (SAHPRA) approves all medical equipment and ensure compliance thereof;
- i) Inter-Ministerial Committee (IMC) set up to facilitate publishing of all contracts and tenders in relation to procurement of COVID-19 Personal Protective Equipment (PPEs);
- j) Circulation of code of conduct for public service to all employees in the National Department of Health; and
- k) Covid-19 fraud awareness campaigns in the National Department of Health.

2. Has your government undertaken any previous corruption risk assessment, which is relevant to activities being conducted, or risks present in the current pandemic situation or other emergency scenarios (e.g. an assessment of corruption risks in the healthcare sector, which existed beforehand, assessment on emergency procurement processes, etc.)? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents).

Vulnerable Sector Risk Assessment has been conducted and this started with a project of identifying those sectors that are more prone and vulnerable to the incidents of fraud and corruption. In this regard, the health sector was identified as one of the sectors that requires immediate attention. This was due to among many reasons the big budget in the sector and importance of the service rendered by the sector that is a government priority.

Health Sector risk assessment was conducted and the following risks were identified in the sector that requires urgent interventions:

- a) Non-compliance with procurement regulations in the health sector;
- b) Counterfeit medical equipment;
- c) Pharmaceutical companies collusion / prize fixing;
- d) Issuing of medical waste disposal contracts to unqualified companies;
- e) Regulatory weaknesses in health sector compliance enforcement;
- f) Bogus doctors / unregistered medical practitioners;
- g) Fictitious claims related to doctors negligence in public hospitals; and
- h) Medical Aid Fraud.

One of the common root causes in all the above health sector risks was the collusion amongst the stakeholders to defraud the procurement process and poor coordination to fight corruption in the health sector. In this regard, one of the key strategic intervention that was identified to mitigate these risks was the establishment of “Health Sector Anti-Corruption Forum (HSACF)”, which was officially launched by the President of South Africa. The main objectives for HSACF is to collaborate in the fight against corruption, identify areas of co-operation to enhance prevention, detection and prosecution of corruption in the Health Sector. The HSACF comprises of

stakeholders from diverse sectors such as civil society, law enforcement agencies, health sector regulators, government departments, to mention just a few.

3. Please outline the top 3–5 corruption risks your country has identified (both short and longer term) arising in connection with the COVID-19 crisis. Where possible, please indicate whether these risks were present and/or high prior to the onset of the pandemic. When outlining risks, you may consider the following (non-exhaustive) list:

- Corruption and fraud risks in public procurement of medicines, medical supplies or any related goods or services (this may include price gouging, bribery, self-dealing, and any other risks occurring specifically as a result of public procurement rules allowing for expedited delivery of goods/services during the pandemic).
- 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, and transport, information and communication sectors).
- 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.
- Misdirection or exploitation of government funds or other assets (e.g. PPE, ventilation equipment).
- Fraudulent billing to the government or insurance companies for the provision of healthcare services.
- Undue influence and conflicts of interest in healthcare provision and regulation (including drug development and market entry), policy setting and evaluation.
- Provision of counterfeit medical supplies and / or medication.
- 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.
- Increases in COVID-19 related cyber-criminal fraud.
- Impeded anti-corruption enforcement actions due to the COVID-19 crisis.
- Impeded provision of international cooperation (e.g. mutual legal assistance) due to the COVID-19 crisis.
- Exploiting the disbursement of national economic relief/rescue/stimulus packages, including:
  - Officials soliciting bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Officials being offered, promised or given bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Exploitation (including sexual exploitation and sextortion) and abuse of vulnerable or marginalized communities in exchange for financial or in-kind support as part of economic/social support services.
  - Schemes such as creating false or non-existent beneficiaries to embezzle stimulus / relief funds.

- Exploiting international financial aid related to COVID-19 or other types of support.
- 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.

The below health sector risks were present and have been identified as key priority risks even prior the COVID-19 pandemic:

- 1) Corruption and fraud in health sector public procurement of medicines, medical supplies or any related goods or services;
- 2) Supply of counterfeit medicine and other medical equipment;
- 3) Collusion to defraud medical aid schemes;
- 4) Misdirection or exploitation of government funds or other assets (e.g. PPE, ventilation equipment); and
- 5) Exploiting international financial aid related to COVID-19 or other types of support.

4. If possible, please provide examples of detected or suspected instances of domestic or transnational corruption or fraud, in line with the key risk areas mentioned in question 3. Please include a summary of the detected or suspected act, and how it was detected. Where such information is sensitive, please provide examples of the type of incident, which has occurred.

The following corruption or fraud has been detected during COVID-19 pandemic:

- 1) Inflation of prizes during procurement of COVID-19 goods and services; (<http://www.comppcom.co.za/wp-content/uploads/2020/07/COMPETITION-TRIBUNAL-FINDS-DISCHEM-GUILTY-OF-INFLATING-MASK-PRICES-DURING-COVID-19-DISASTER.pdf>);  
(<http://www.comppcom.co.za/wp-content/uploads/2020/07/COMPETITION-TRIBUNAL-CONFIRMS-ORDER-AGAINST-CAPRICHEM-FOR-PRICE-GOUGING.pdf>)
- 2) **Defrauding of the Unemployment Insurance Fund:** According to a media report, the funds meant for about 1 400 Unemployment Insurance Fund beneficiaries were allegedly fraudulently transferred to an employee of the labour brokerage firm. The fraudulent transaction was only noticed after the fund approved the payment. The money was then rapidly dispersed to the beneficiary's family and business associates over the course of five days. The accused along with his girlfriend, step-father, sister and brother-in-law stand accused of fraud, an alternative count of theft and multiple counts of money laundering.

A 62-year-old man has been arrested for allegedly pocketing R4.7m from the Covid-19 Unemployment Insurance Fund (UIF) temporary employer/employee relief (Ters) scheme (<https://www.timeslive.co.za/news/south-africa/2020-08-31-pensioner-arrested-for-r47m-uif-ters-fraud/>).

- 3) Supply of counterfeit medicine and medical equipment; and

- 4) Undue influence/conflicts of interest in provision of healthcare goods and services:  
The Special Investigating Unit is currently investigating allegations of companies closer to high-ranking officials in government receiving tenders to provide the Personal Protective Equipment;

The cases were detected through whistleblowing and reports in the media.

5. Are any longer-term trends in corruption risks beginning to emerge as a result of COVID-19 in your country that will need a new or improved anti-corruption approach in the future? Please elaborate on these trends, and the new or improved anti-corruption approach if possible.

The use of Non-Profit Organizations (NPOs) as a channel to access social relief funds has emerged strongly during the COVID-19 pandemic. The regulations in this sector are being enforced by the Department of Social Development and more advocacy programs are being implemented.

## B. Anti-Corruption Controls during the Pandemic

6. What are the anti-corruption controls, safeguards, and measures that your government has put in place to address corruption risks identified in section (A)? Please highlight any special measures or procedures that have been introduced during the pandemic (e.g. telephone hotlines to report corruption in the allocation and disbursement of crisis response funds, an interagency cooperation taskforce among anti-corruption authorities, cooperation across international borders, ex-post facto audits of crisis related spending, publishing the beneficial ownership information of companies awarded public contracts, etc.)?

The following controls have been implemented to mitigate COVID-19 procurement related risks:

- a) National Treasury Instructions relating to Emergency Procurement in response to COVID-19;
- b) Approved maximum price list for procurement of PPEs to avoid inflation of prizes;
- c) Accounting Officers directed to implement Preferential Procurement Regulations;
- d) Competition Commission activated to investigate inflation of prizes and uncompetitive behavior;
- e) President signed the COVID-19 Proclamation to investigate all COVID-19 related procurement corruption;
- f) COVID-19 Fusion Centre established to coordinate all law enforcement agencies investigations around COVID-19 procurement corruption;
- g) Solidarity Fund has been established with independent Directors to manage and disburse donations related to COVID-19;

- h) Auditor-General conduct real-time audits on COVID-19 procurement;
- i) South African Health Product Regulatory Authority (SAHPRA) approves all medical equipment and ensure compliance thereof; and
- j) Inter-Ministerial Committee (IMC) set up to facilitate publishing of all contracts and tenders in relation to procurement of COVID-19 Personal Protective Equipment (PPEs)
- k) In addition, the Financial Intelligence Centre together with the banks and their supervisory body, the South African Reserve Bank have launched a public-private partnership called “The South African Anti-Money Laundering Integrated Taskforce (SAMLIT)”. The SAMLIT provides the capacity for banks in South Africa to detect and report suspicious financial activities related to the COVID 19 pandemic.

7. Does your government have any specific legislative / governance procedures in place to allow for timely public procurement in emergency situations? If so, please describe these briefly below. If not, how is emergency public procurement during the Coronavirus pandemic taking place / how did it take place and what anti-corruption measures were adopted?

- The National Treasury issued various instructions /circulars for both PFMA (National and Provincial) and MFMA (municipalities and municipal entities/local government sphere) organs of state since the National State of Disaster was declared in the country.
- Instruction No. 8 of 2019/20: Emergency Procurement in Response to the National State of Disaster was National Treasury’s first response to the disaster and was issued on 19 March 2020 for PFMA organs of state.
- MFMA Circular No. 100 - Emergency procurement in response to Covid-19, was the corresponding directive for Local Government institutions.
- These directives facilitated the procurement of PPE items that were already on National Treasury Transversal Contracts and also provided a list of Suppliers (from previous transversal contracts) who gave NT quotations on bulk supply for items not on Transversal Contracts.
- Instruction Note No. 3 and the corresponding MFMA Circular 101 were the second set of directives relating to emergency procurement, and this advocated a central procurement agent approach. These were an initial response to the outbreak of the pandemic and were to allow for urgent procurement of critical health products at a time of great global shortages. Given the rapid changes in demand for specialised products like testing kits and ventilators and further exacerbated by export bans a national regulatory approach to procure goods centrally was required.
- These were replaced with Instruction Note 5 of 2020/21 for PFMA institutions and Circular 102 for MFMA institutions.
- Instruction No. 5 of 2020/21 and Circular 102 are the last and valid emergency procurement directives. The said Instruction provided for the Accounting Officer/

Accounting Authority to procure the required goods or services by other means, such as price quotations, and with the benefit of shortened sourcing time when sourcing for procurement above R500 000.

- Additional conditions through these directives applied:
  - a. PPE items must be to the specifications of WHO, NDOH and DTIC (for cloth masks)
  - b. The Prices must be equal or lower than the benchmark prices set by NT
  - c. Suppliers / Manufacturers must be registered on the Central Supplier Database; and
  - d. Items must meet the stipulated minimum threshold percentage for local production and content for Textiles, clothing, leather and footwear sector.
- The National Treasury issued PFMA Instruction 7 and MFMA Circular 103 that deals with Preventative Measures in response to the Covid-19 pandemic. These instructions were issued to give Accounting Officers/Authorities proactive guidance on how to revisit their control environment in response to COVID-19.
- The purpose of these directives is to provide for preventative measures as a result of COVID 19 emergencies and the need to be responsive and flexible, whilst ensuring value for money and minimising the risk of fraud, corruption, negligence, error, incapacity.
- Furthermore, these are meant to ensure that internal control systems of a department, constitutional institution, public entity consider, municipality and municipal entity, amongst others:
  - a. the change in operating activities of the existing control environment;
  - b. risk assessment processes;
  - c. designing and/or amending control activities to address new or elevated risks;
  - d. identifying information required to support the effectiveness and efficiency of controls;
  - e. reassessing internal and external communication; and
  - f. identifying any additional internal control monitoring activities.

8. Do any mechanisms exist in your jurisdiction, which are specifically-designed to monitor procurement activity during any public emergency, including the current COVID-19 pandemic? Please elaborate.

National Treasury (NT) is in the process of developing an emergency procurement reporting template for the purpose of monitoring emergency related procurement.

With specific reference to Personal Protective Equipment (PPE), NT is in the process of considering new controls for PPE equipment, such as:

- NT will lock an absolute price for all PPE procurement, which will be based on information obtained during a robust engagement with relevant stakeholders. These robust engagements will also provide the premise (set criteria and strict

parameters) on which permission should be sought for any amount above the absolute price.

- The President, in a letter dated 5 August 2020, instructed institutions to provide NT with the names of all PPE appointed service providers for publishing on the NT website.
- All companies that received government contracts for Covid-19 tenders have now been published online. The lists include Covid-19 procurement information from all provinces, national departments and public entities (<http://ocpo.treasury.gov.za/COVID19/Pages/Reporting-National-Departments.aspx>)  
<http://ocpo.treasury.gov.za/COVID19/Pages/Reporting-Provincial-Government.aspx>

In recognition of the need for more stringent monitoring and regulation of emergency procurement during the national state of disaster, the following is being implemented:

- a) Contract expansions, extensions or variations in excess of the prescribed thresholds is only allowed in exceptional circumstances, and subject to prior written approval by the relevant Treasury
- b) For the duration of the national disaster, institutions are permitted to obtain these items from any supplier, provided that:
  - ✓ PPEs procured should be items in line with the specifications as determined by the World Health Organization and the National Department of Health for PPE and the Department of Trade, Industry and Competition in relation to cloth masks.
  - ✓ The prices are lower than, or equal to the approved maximum prices
  - ✓ The supplier from whom the items are procured is registered on the Central Supplier Database (“CSD”)
- c) In relation to cloth masks, institutions may only purchase from suppliers that are registered with Department of Small Business Development are on the CSD.
- d) Use of Transversal Contract which allow institutions that are already participants on the transversal contracts to continue placing orders as usual

9. How effective do you believe the domestic anti-corruption controls referenced in questions 6-8 in this section have been, and what have been the main challenges?

The domestic anti-corruption controls are fairly effective, however, they are undermined in most instances by collusion, poor consequence management and lack of transparency. Therefore, monitoring process must be transparent at all times. It should be open to public scrutiny and ensure active participation of all stakeholders, including government agencies, the business community and civil society representing citizens' voices.

Through the operational capacity of the Fusion Centre, the task team acted promptly on a matter related to the fraudulent claim and theft of funds associated with the Unemployment Insurance Fund (UIF). The UIF provide funds to furloughed workers. The task team was able to investigate and secure the proceeds of crime, inclusive of arresting the involved perpetrators. The quick response of the task team also led to the freezing of 28 bank accounts, the identification of the criminal actors and recovery of just over R 2 million and assets purchased with the proceeds of crime of R 5,7 million. In a second UIF matter, the task team was able to detect a fraudulent transfer of just over R 600,000.00. Once again, the quick action in the Fusion Centre task team led to the detection, investigation and securing the proceeds of crime.

At present, the Fusion Centre is dealing with about 30 matters related to suspected malfeasance uncovered in the COVID 19 pandemic. These matters are at various stage of analysis and investigation.

The Competition Commission referred and settled 25 COVID-19 related cases to the total value of R14 052 552.21 of which R5 564 649.51 has been donated to the Solidarity Fund. Donations of essential goods to the total value of R508 360.70. The Commission has encouraged firms to reach settlements in order to speed up the processing of excessive pricing cases. In most settlements, firms had undertaken to correct prices/margins and make a donation to a public interest organisation or the Solidarity Fund (<http://www.comppcom.co.za/wp-content/uploads/2020/07/COMPETITION-TRIBUNAL-CONFIRMS-ORDER-AGAINST-CAPRICHEM-FOR-PRICE-GOUGING.pdf>).

10. If possible, please provide an overview of how non-governmental stakeholders (e.g. civil society and the media) have supported oversight efforts to detect fraud and corruption during your country's response to the pandemic. Are there any specific policies and practices your country has in place to facilitate these efforts?

Some initiatives from non-governmental stakeholders include:

- (i) **Covid 19 People's Coalition:** alliance of social movements, trade unions, community organisations and NGOs monitoring and protesting against abuses relevant to lockdown conditions, and pushing for appropriate and just responses from government and employers to the COVID pandemic. The Coalition monitors in sectors such as the response from government in the public school system, military and police action during the lockdown, government's response to providing support for basic needs (payment and extension of grants, monitoring the use of the stimulus package, etc).
- (ii) **Coalitions of academics and NGOs** supporting the establishment of a Basic Income Grant.
- (iii) Pressure from **Imali Yethu and the Budget Justice Coalition** on National Treasury to more proactively publicise via [www.vulekamali.gov.za](http://www.vulekamali.gov.za) details relating to the stimulus package to better enable tracking.

- (iv) **Open Ownership and Corruption Watch, PSAM and the HSRC** (and endorsed by PARI) – sent a letter to National Treasury re putting in place mechanisms to increase transparency re government's use of the IMF loan.
- (v) The **Ahmed Kathrada Foundation** have initiated a civil society campaign (including community based organisations, the religious sector, NGOs and committed individuals including some of the ANC Stalwarts to stop COVID19 related corruption which will run from end of August 2020 until December 2020 (to coincide with International Anti-Corruption Day).
- (vi) **Corruption Watch** is working on a project with Transparency International on open data standards for health procurement in SA.
- (vii) **OUTA and Corruption Watch** have whistleblowing portals relevant to corruption around procurement, esp. relevant to supporting whistleblowing on corruption under emergency procurement conditions. And PARI is putting together a booklet/resource for public servants to assist them in situations where they might want to report any unethical conduct or corruption (it deals with initiatives by government to enhance ethics, amendments to the Protected Disclosures Act, as well as a list of organisations/entities that can be approached to report these practices, including those relevant to COVID-19 (SIU, Auditor General, SARS).

11. Considering your responses to questions 6-10 of this section, which of such measures and processes would you consider good practices to be shared with the G20 ACWG?

- 1) Publishing the lists of all COVID-19 related government tender expenditures to ensure openness and transparency by government;
- 2) The multi-agency collaboration through the Fusion Centre: As an interim arrangement during the state of disaster, the Fusion Centre was established as the national central co-ordination point and a key resource centre for dealing with all corruption related cases;
- 3) The encouragement of firms to reach settlements with the Competition Tribunal in order to speed up the processing of excessive pricing cases;
- 4) Press and media freedom in reporting allegations of fraud and corruption; and
- 5) Collaboration with civil society organisations in reporting acts of corruption.

12. In your opinion, how can the G20 countries work collectively to address corruption risks arising in connection with the COVID-19 crisis, both with respect to national efforts and international collaboration?

- 1) The active sharing of information through international cooperation channels between FIUs and Law Enforcement agencies and Prosecuting Authorities.
- 2) By proactively pursuing requests made to foreign jurisdictions in corruption cases through all available channels, including making direct contact with those foreign agencies responsible for handling the requests and travelling to those places for case conferencing.

- 3) Improve the overall capacity and turnaround time to share information with foreign counterparts e.g. by collecting the information when the company is registered or individuals that hold a financial footprint.
- 4) Advocate for the establishment of special courts to deal with incidents of fraud and corruption.

13. In your opinion, are there any new ways of working in the anti-corruption space, which may be necessitated by the impact of COVID-19, in response to short or longer-term trends (e.g., conducting remote court hearings on corruption cases)? Please elaborate.

The COVID-19 pandemic has presented the country with an opportunity to fast track the implementation of fourth industrial revolution (4IR). In this regard, the country has an opportunity to digitize the court processes, which include virtual court hearings. Electronic procurement (e-tender system & open data) is a valuable means through which G20 member countries can promote accountability, efficiency, transparency and value for money in the acquisition of goods and services. This will further eliminate incidents of fraud and corruption as the automation of procurement process means less human interaction and increasing accountability in terms of audit trail and evidence readily available on the system.

The establishment of a **Fusion Centre** as a nodal point of investigation on corruption matters: The multi-agency collaboration through the fusion centre applies an overarching integrated working method for managing the flow of crime related information and intelligence across levels and sectors of government and to integrate information for analysis to assist with:

- (i) Deployment of a multi-disciplinary and integrated approach;
- (ii) Investigations;
- (iii) Criminal proceedings or any necessary functions incidental thereto, including asset forfeiture proceedings; and
- (iv) Facilitating, reviewing, monitoring and improving inter-departmental cooperation.

14. If possible, please outline measures, which could be taken in your country to prepare for and safeguard against risks during future crises in terms of the anti-corruption response.

The following are some of the key measures that should be implemented to ensure the country is able to deal with future crisis in terms of anti-corruption response, these interventions are aligned with the National Anti-Corruption Strategy:

- a) Promote and encourage active citizenry in the fight against corruption;
- b) Improve whistleblowing mechanism and protection;
- c) Increase governance, oversight and accountability in organisations;
- d) Leverage on ICT to automate corruption-prone processes (e.g. procurement);

- e) Improve the integrity & transparency in public procurement system;
- f) Strengthen coordination and independence of anti-corruption agencies;
- g) Protect vulnerable sectors that are most prone to corruption with effective risk management.
- h) Create a permanent multi-agency task force at a Fusion Centre to investigate any corruption or illegal conduct.
- i) Increase compliance and audit inspection to ensure all sectors are adhering to rules and regulations.
- j) Establish lessons learned and typology documents from past experiences to use as guidelines and training.

15. If possible, from your own perspective, are there any areas of overlap between the ACWG priorities in 2020 and the response to the COVID-19 crisis, or other future crises which you would like to highlight? For example, has ICT been used to enforce anti-corruption controls during the pandemic? Would you consider including mechanisms for emergency responses in your national anti-corruption strategy, if your country has one? Please elaborate.

South Africa is currently reviewing its anti-corruption strategy and areas of focus include:

- (i) Enhancing whistle-blower mechanisms and protection;
- (ii) Improve the integrity & transparency in public procurement system;
- (iii) Protect vulnerable sectors that are most prone to corruption with effective risk management; and
- (iv) Institutional mechanisms to strengthen coordination and independence of anti-corruption agencies.

## SPAIN

### Questionnaire for the members of the G20 ACWG

#### A. Corruption Risks during the COVID-19 Pandemic

1. Has your government assessed domestic or transnational corruption risks arising during the COVID-19 pandemic, either through a formal risk assessment or other informal means? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents such as anti-corruption plans to mitigate corruption risks arising in connection with the COVID-19 crisis).

*The Spanish government has conducted no formal risk assessment of the corruption risks linked to the COVID-19 pandemic. However, both the national anti-fraud authority and various regional and local anti-fraud offices have prepared reports with reminders, recommendations and resources for the promotion of integrity during the COVID-19 crisis. Good examples thereof would be the [study on the effects of COVID-19 on financial information and audit](#), drawn up by the General Intervention Board of the State Administration (IGAE), and the [report on preventing risks in the exercise of public competencies during the COVID-19 crisis](#), drawn up by the Catalan Anti-fraud Office.*

*These anti-fraud and anti-corruption authorities have also taken into account the Council of Europe's Group of States against Corruption (GRECO) guidelines and the UNODC policy documents in implementing their activities during the crisis.*

*In addition, the Centre for Intelligence against Terrorism and Organized Crime (CITCO) has regularly produced reports on the situation and evolution of organized crime from all criminal perspectives linked to COVID-19. The Guardia Civil has also released internal documents on frauds to the Social Security system and corruption in the field of sport related to the COVID crisis.*

2. Has your government undertaken any previous corruption risk assessment which is relevant to activities being conducted, or risks present in the current pandemic situation or other emergency scenarios (e.g. an assessment of corruption risks in the healthcare sector which existed beforehand, assessment on emergency procurement processes, etc.)? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents).

*The exceptionality, speed and depth of this health crisis meant that no prior corruption risk assessment could apply to the specific needs of this particular case. The relevant control measures set out in the Spanish legislation, specifically in Law 9/2017 on public sector contracts (LCSP), guided our general approach, and no signs of corruption involving members of the Spanish public administration have been detected.*

*The Spanish Agency of Medicines and Medical Devices (AEMPS) also has a system in place to monitor and notify any suspicion of falsified, counterfeit or illegal medicines and/or medical devices. The AEMPS published its first Strategy against falsified medicines in 2006. The latest version thereof was [developed in 2016](#). Robust and efficient monitoring systems are in place to tackle fraudulent activity. In February 2019, Directive 2011/62/EU, aimed at preventing the entry into the legal supply chain of falsified medicinal products and completing [Commission Delegated Regulation \(UE\) 2016/161](#), came into force, marking another key effort to fight against this threat.*

*With regard to medicines, the [AEMPS webpage](#) shows information for both healthcare professionals and the public. It contains several sections, including a [form to notify potentially falsified or illegal medicines](#) and a [registry of all notifications](#) by the AEMPS regarding human and veterinary falsified/illegal medicines which have been published on the web. It also features information on [international activities](#) in the fight against falsified/illegal medicines and a space devoted to [awareness-raising campaigns](#) for the general public regarding falsified medicines and non-official purchasing channels.*

*Concerning medical devices, a European and national network is operating for the surveillance and market control of medical devices where all EU Member States inform about the identification of falsified medical devices. The AEMPS webpage updates regularly all the information related to falsified products or showing counterfeit CE mark certificates. During the COVID-19 health crisis, this information has been communicated through this [link](#).*

*Conflicts of interest in healthcare provision and regulation (including drug development and market entry), policy-setting and evaluation have also been avoided, as a Declaration of Interests has continued to be requested and assessed as a prerequisite for the involvement of any expert in the evaluation of medicines, as well as for internal and external experts involved in the assessment of medical devices for the CE certificates issued in Spain.*

3. Please outline the top 3–5 corruption risks your country has identified (both short and longer term) arising in connection with the COVID-19 crisis. Where possible, please indicate whether these risks were present and/or high prior to the onset of the pandemic. When outlining risks, you may consider the following (non-exhaustive) list:
  - Corruption and fraud risks in public procurement of medicines, medical supplies or any related goods or services (this may include price gouging, bribery, self-dealing, and any other risks occurring specifically as a result of public procurement rules allowing for expedited delivery of goods/services during the pandemic).
  - 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).
  - 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.
  - Misdirection or exploitation of government funds or other assets (e.g. PPE, ventilation equipment).
  - Fraudulent billing to the government or insurance companies for the provision of healthcare services.
  - Undue influence and conflicts of interest in healthcare provision and regulation (including drug development and market entry), policy-setting and evaluation.
  - Provision of counterfeit medical supplies and / or medication.
  - 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.
  - Increases in COVID-19 related cyber-criminal fraud.
  - Impeded anti-corruption enforcement actions due to the COVID-19 crisis.
  - Impeded provision of international cooperation (e.g. mutual legal assistance) due to the COVID-19 crisis.
  - Exploiting the disbursement of national economic relief/rescue/stimulus packages, including:

- Officials soliciting bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
- Officials being offered, promised or given bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
- Sexploitation (including sexual exploitation and sextortion) and abuse of vulnerable or marginalized communities in exchange for financial or in-kind support as part of economic/social support services.
- Schemes such as creating false or non-existent beneficiaries to embezzle stimulus / relief funds.
- Exploiting international financial aid related to COVID-19 or other types of support.
- 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.

*The risk of fraud, in particular linked to the purchase of falsified and counterfeit medicines and/or medical devices, increased during the COVID-19 emergency. The most commonly detected frauds involved the sale of counterfeit protective equipment such as facemasks, gloves and hydroalcoholic gels. This required increased cooperation between all the relevant actors and institutions (police, customs, healthcare professionals and stakeholders, health authorities, regional authorities), in particular between the AEMPS and police forces in issuing health alerts.*

*During the most critical times of the pandemic, contracts linked to the acquisition of material to combat COVID-19 were executed through an emergency procurement procedure (see answer to question 7) prioritizing speed against the normal control mechanisms. This created a risk that certain undertakings or intermediaries related to the successful tenderers could engage in price gouging and act unlawfully otherwise. False and/or fraudulent investments linked to the purchase of medical equipment, including by companies not specializing in medical care, are a further related concern.*

*The risk of fraud in connection with the economic stimulus and relief funds put in place by the government, in particular the partial unemployment benefits for furloughed employees (the ERTE scheme), is a further matter of concern. Facilitated by the streamlined access to funds, suspicious transactions related to this governmental scheme have already been identified and investigated.*

*There was also an increase in other forms of fraud, in particular linked to cybercrime. Criminal organizations looked to take advantage of the increased use of the Internet and the anguish of the general public during the height of the pandemic to expand the reach of their illicit activities in the form of scams and online frauds. While exacerbated by the pandemic, this is a longer-term risk that could only grow in importance as the digitalization of our societies, lifestyles and work patterns advances.*

*Efforts at the national level must be complemented by international cooperation. However, we perceived a decrease in international police cooperation, in particular as regards the exchange of operational information, due to a slowdown in the normal degree of activity of certain police services during the height of the pandemic.*

4. If possible, please provide examples of detected or suspected instances of domestic or transnational corruption or fraud, in line with the key risk areas mentioned in question 3. Please include a summary of the detected or suspected act, and how it was detected. Where such information is sensitive, please provide examples of the type of incident which has occurred.

*So far we can mostly speak of suspicious cases of fraud, notably as regards public procurement. A good example thereof would be the purchase of medical equipment at high prices, where it is unclear whether the extra cost was related to the high demand or to a corrupt behavior (price gouging).*

*The most commonly detected illegal activities concerned falsified or substandard/illegal medical devices, mostly PPE, often involving irregular manufacturing but mostly not involving trademark falsifications or intentional fraud.*

*The AEMPS has been actively monitoring the online sale of illegal medicines. During the crisis, 13 websites have been formally requested to cease their activities of promotion and/or sale of medicines involved in COVID-19 studies or treatments, such as Kaletra and chloroquine (not authorized as COVID-19 treatments in Spain). Some investigations resulted in the removal of several adverts of these medicines on platforms such as Vibbo or Facebook, as well as adverts of other illegal remedies such as the Miracle Mineral Solution (MMS) or sodium hypochlorite. YouTube was also requested to remove several videos promoting as treatment these dangerous products. Finally, a Spanish company was requested to stop publishing its food supplement as a prophylaxis or treatment of COVID-19 after a complaint was received. Regarding medical devices, the AEMPS is working with the European market surveillance network to identify medical devices on the market that do not comply with European legislation. Because of these surveillance activities, several medical devices were removed from the market. All this information is periodically published on AEMPS webpage.*

*As regards fraud related to the misuse of economic stimulus and relief funds put in place by the Government, notably concerning the ERTE scheme, examples included the recruitment of workers just days before furloughing them, the resumption/continuation of work by workers collecting unemployment benefits, or overtime work by active personnel while part of the staff remain under the ERTE scheme.*

*Concerning online fraud, detected instances included the sale of fraudulent of sub-standard personal protective equipment, the sale of fake COVID-19 tests and treatments, phishing campaigns supplanting the identities of companies, charities and other organizations, and the fraudulent use of credit and debit card data.*

5. Are any longer-term trends in corruption risks beginning to emerge as a result of COVID-19 in your country that will need a new or improved anti-corruption approach in the future? Please elaborate on these trends, and the new or improved anti-corruption approach if possible.

*We consider that it is early to identify which longer-term trends might be affected by the emergence of COVID-19. While the pandemic has given rise to increased opportunities for corruption and fraud in the fields outlined in the previous answers,*

*those (short-term) threats are increasingly being brought under control as the pandemic advances and we fine-tune our response mechanisms. Longer-term corruption trends have not been perceived to have changed per se, but could eventually be affected should emergency public procurement and support measures become extended in time, or also in connection with the acceleration of other societal trends (i.e. telework, digital transactions, etc.).*

## B. Anti-Corruption Controls during the Pandemic

6. What are the anti-corruption controls, safeguards, and measures that your government has put in place to address corruption risks identified in section (A)? Please highlight any special measures or procedures that have been introduced during the pandemic (e.g. telephone hotlines to report corruption in the allocation and disbursement of crisis response funds, an interagency cooperation taskforce among anti-corruption authorities, cooperation across international borders, ex-post facto audits of crisis related spending, publishing the beneficial ownership information of companies awarded public contracts, etc.)?

*On the one hand, coordination between Spain's different police forces in open investigations was stepped up in order to safeguard the Spanish Government's anti-corruption efforts during this exceptional period. Interaction with Europol in order to control transnational corruption offenders was also increased.*

*The Spanish Guardia Civil also stepped up its efforts to control the export/import procedures related to medical equipment in order to detect fraudulent practices (counterfeit goods, scams) and corrupt practices, as well as to detect material imported outside the mechanisms established by the Government.*

*On the other, the Labor and Social Security Inspectorate (ITSS), an autonomous body under the Ministry of Labor and Social Economy, has increased its efforts to detect frauds in the ERTE furlough scheme through an inspection campaign targeting the protection and responsible use of public resources. On-site inspections have been intensified in order to detect non-compliant or irregular practices, such as the restart of activity without prior communication to the State Public Employment Service (SEPE). The Labor and Social Security Inspectorate also has an online mailbox, accessible both from its website and the Ministry's own website, that allows the communication of ERTE-related irregularities while safeguarding the identity of the informant.*

*At the same time, the Ministry of Labor and Social Economy activated an outreach campaign on its social network channels, with the hashtag #ProtegerLoPúblico, aimed at highlighting the importance of the responsible use of public resources.*

*At the international level, and as regards falsified and counterfeit medicines and/or medical devices, the AEMPS continued to work closely with European partners, Latin American countries and the WHO through various channels and initiatives. Chief among them are the European Medicines Agency's Group of Enforcement Officers (WGEO), the Council of Europe's CD-P-PH/CMED committee of experts, the Ibero-American Network of Drug Regulatory Authorities (Red EAMI) and its FalFra system, the European market*

*surveillance network for medical devices and the International Coalition of Medicines Regulatory Authorities' (ICMRA) track and trace system interoperability initiative.*

7. Does your government have any specific legislative / governance procedures in place to allow for timely public procurement in emergency situations? If so, please describe these briefly below. If not, how is emergency public procurement during the Coronavirus pandemic taking place / how did it take place and what anti-corruption measures were adopted?

*Article 120 of Law 9/2017 on Public Sector Contracts foresees an emergency public procurement procedure, which, by virtue of Royal Decree-Law 7/2020, was applicable to all contracts entered into in order to tackle the COVID-19 emergency. It streamlines and greatly simplifies procurement, particularly at the stages of preparation, tendering and award of the contract, but it does not alter the procedures as regards the transparency and openness of tenders and contracts.*

*A comprehensive compendium of the measures related to public procurement adopted in response to the COVID-19 pandemic in Spain can be found in [this document](#).*

8. Do any mechanisms exist in your jurisdiction which are specifically-designed to monitor procurement activity during any public emergency, including the current COVID-19 pandemic? Please elaborate.

*There are no control mechanisms specific to the emergency procurement procedure. Therefore, the role of the General Intervention Board of the State Administration (IGAE), the internal control body of the State public sector, is especially relevant in the event of a public emergency. As a control body, IGAE is responsible for verifying, through prior legality checks, permanent financial control, public audit and the financial control of subsidies, that the economic-financial activity of the public sector is in line with the principles of legality, economy, efficiency and effectiveness.*

9. How effective do you believe the domestic anti-corruption controls referenced in questions 6-8 in this section have been, and what have been the main challenges?

*Law 9/2017 sets out strict controls to avoid corruption linked to public procurement. However, the emergency procurement procedure entails a certain decrease in the implementation of control mechanisms, in particular prior to awarding the contract, in order to expedite procurement. Yet this streamlining of procedures is not a blank check for contracting authorities to act at their own discretion: decisions to award a contract to a particular operator should be based on objective criteria, avoiding favoritism.*

*In addition, Directive 2007/66/EC on public procurement remedies, which does not provide for exceptions in emergency contracts, expressly recalls the need to provide effective redress procedures after the conclusion of the contract when such emergency procedures exist. Compliance with the obligations of openness and transparency is key*

*for these remedies to be effective and to control the lawfulness of emergency procurement. Therefore, post-procurement anti-corruption mechanisms, such as publishing the contracts awarded by public administrations on the relevant transparency portals, remain in place.*

*In this context, procedural transparency and access to information regarding public procurement were reinforced through legislative action in recent years, in particular through Law 19/2013 on transparency, access to public information and good governance, and Law 3/2015, governing the exercise of senior positions in the central state administration. Ex-post control functions were also reinforced through the Resolution adopted on 20 September 2017 by the IGAE, developing the principle of independence of the control functions attributed to this body.*

10. If possible, please provide an overview of how non-governmental stakeholders (e.g. civil society and the media) have supported oversight efforts to detect fraud and corruption during your country's response to the pandemic. Are there any specific policies and practices your country has in place to facilitate these efforts?

*The Spanish press has been publishing news that are helping to investigate certain companies, intermediaries and contracting bodies. There is also a protected reporting system where all kinds of notifications are received and which serves as first step for opening criminal investigations.*

11. Considering your responses to questions 6-10 of this section, which of such measures and processes would you consider good practices to be shared with the G20 ACWG?

*Further to ensuring continued transparency and publicity of all tenders, which allows for their effective control, the intensification of checks and inspections to prevent fraud at all levels – increased control of the export/import procedures related to medical equipment, increased inspections to prevent the misuse of economic stimulus and relief funds – is of special relevance.*

12. In your opinion, how can the G20 countries work collectively to address corruption risks arising in connection with the COVID-19 crisis, both with respect to national efforts and international collaboration?

*Strong cooperation and a timely and agile communication are essential to effectively fight against transnational threats, especially in the scenario of an emergency crisis. International fora, including the G20, should be increasingly used to share best practices and experiences.*

*The exchange of operational information in the relevant international law enforcement cooperation fora would also facilitate the early detection of corruption instances linked to the COVID-19 crisis and future pandemics. This will be especially relevant e.g. once COVID-19 vaccines become available in order to avoid the proliferation of counterfeit vaccines and/or the sale and traffic of vaccines through illicit channels.*

*G20 countries could also explore the development of a set of guidelines to improve the effectiveness of ex-post control mechanisms in emergency public procurement procedures.*

13. In your opinion, are there any new ways of working in the anti-corruption space which may be necessitated by the impact of COVID-19, in response to short or longer-term trends (e.g., conducting remote court hearings on corruption cases)? Please elaborate.

*Such crises especially highlight the need to increase the resources available to law enforcement authorities to investigate corruption cases. The availability of secure IT infrastructure allowing for secure telework and communication between all relevant actors in the fight against corruption is of especial relevance.*

*Further to secure video call platforms, confinements and the closure of transnational borders also gave greater relevance to digital certifications and signatures, as well as to the possibility of using digital certifications in remote court hearings, police cooperation and similar instances.*

*Finally, taking into account the fact that in emergency situations priority must be given to speed in terms of compliance with the relevant control mechanisms prior to executing a public investment, ex-post supervision and inspections should be stepped up to verify the good use of public money.*

14. If possible, please outline measures which could be taken in your country to prepare for and safeguard against risks during future crises in terms of the anti-corruption response.

*One possible measure would be auditing the companies that have been awarded public contracts in the emergency public procurement procedure detailed above.*

15. If possible, from your own perspective, are there any areas of overlap between the ACWG priorities in 2020 and the response to the COVID-19 crisis, or other future crises which you would like to highlight? For example, has ICT been used to enforce anti-corruption controls during the pandemic? Would you consider including mechanisms for emergency responses in your national anti-corruption strategy, if your country has one? Please elaborate.

*Spanish police forces have increased their cyberpatrolling activities during the pandemic, monitoring web domains and collecting information for the Intelligence Center against Terrorism and Organized Crime (CITCO).*

*Also worth noting, the Spanish National Strategy against Organized and Serious Crime for the years 2019 to 2023 contemplates threats linked to economic and financial instability, energy vulnerability, epidemics and pandemics, as well as other situations that can cause social instability and the emergence of new threats. In this context, corruption risks are clearly reflected in the strategy.*

## SWITZERLAND

### Questionnaire for the members of the G20 ACWG

#### A. Corruption Risks during the COVID-19 Pandemic

1. Has your government assessed domestic or transnational corruption risks arising during the COVID-19 pandemic, either through a formal risk assessment or other informal means? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents such as anti-corruption plans to mitigate corruption risks arising in connection with the COVID-19 crisis).

*In its COVID-19 response, the Swiss government relied mainly on the scaling up of pre-existing instruments. When taking additional emergency measures, the government acknowledged the risk of fraud and abuse in the implementation of certain measures, particularly those with a large financial impact. Risks were considered in the decision-making process, but not formally assessed due to the need for swift action. More elaborate risk control measures (e.g. the auditing concept described in answer 6) were designed and approved subsequently.*

2. Has your government undertaken any previous corruption risk assessment which is relevant to activities being conducted, or risks present in the current pandemic situation or other emergency scenarios (e.g. an assessment of corruption risks in the healthcare sector which existed beforehand, assessment on emergency procurement processes, etc.)? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents).

*Switzerland conducted and published its national risk assessment on corruption as a predicate offence to money-laundering in April 2019. It analyzed the exposure of the Swiss financial centre to money-laundering risks and concluded that such risks are mainly related to corruption offences committed abroad.*

*A workshop on corruption risks in the healthcare sector was organized by the Inter-departmental Working Group on Combating Corruption (one of Switzerland's preventive anti-corruption bodies) in October 2019, with the participation of representatives from the public and private sectors as well as civil society. The prevention of conflicts of interest was a main topic of discussion.*

3. Please outline the top 3–5 corruption risks your country has identified (both short and longer term) arising in connection with the COVID-19 crisis. Where possible, please indicate whether these risks were present and/or high prior to the onset of the pandemic. When outlining risks, you may consider the following (non-exhaustive) list:

- Corruption and fraud risks in public procurement of medicines, medical supplies or any related goods or services (this may include price gouging, bribery, self-dealing,

and any other risks occurring specifically as a result of public procurement rules allowing for expedited delivery of goods/services during the pandemic).

- 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).
- 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.
- Misdirection or exploitation of government funds or other assets (e.g. PPE, ventilation equipment).
- Fraudulent billing to the government or insurance companies for the provision of healthcare services.
- Undue influence and conflicts of interest in healthcare provision and regulation (including drug development and market entry), policy-setting and evaluation.
- Provision of counterfeit medical supplies and / or medication.
- 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.
- Increases in COVID-19 related cyber-criminal fraud.
- Impeded anti-corruption enforcement actions due to the COVID-19 crisis.
- Impeded provision of international cooperation (e.g. mutual legal assistance) due to the COVID-19 crisis.
- Exploiting the disbursement of national economic relief/rescue/stimulus packages, including:
  - Officials soliciting bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Officials being offered, promised or given bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Exploitation (including sexual exploitation and sextortion) and abuse of vulnerable or marginalized communities in exchange for financial or in-kind support as part of economic/social support services.
  - Schemes such as creating false or non-existent beneficiaries to embezzle stimulus / relief funds.
- Exploiting international financial aid related to COVID-19 or other types of support.
- 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.

- |   |
|---|
| <ul style="list-style-type: none"><li>- <i>Exploiting the disbursement of national economic relief packages, notably:</i><ul style="list-style-type: none"><li>○ <i>Fraudulent applications for government-guaranteed emergency credits</i></li><li>○ <i>Fraudulent claims for short-time working compensation</i></li></ul></li><li>- <i>Increases in cyber-criminal fraud as a result of increased working from home.</i></li></ul> |
|---|

4. If possible, please provide examples of detected or suspected instances of domestic or transnational corruption or fraud, in line with the key risk areas mentioned in question 3. Please include a summary of the detected or suspected act, and how it was detected. Where such information is sensitive, please provide examples of the type of incident which has occurred.

#### *COVID-19 loans*

*The government introduced COVID-19-loans, a form of instant liquidity relief for companies, on 26 March 2020. The application and authorization procedure was lean by design in order to support affected companies quickly, systematically and free from bureaucracy, and a large number (136 000) of government-guaranteed loans was granted on the basis of self-declarations. The maximum amount of the COVID-19 loan available to a company was limited to 10% of its annual turnover.*

- *Through double-checks, it was detected that 10% of companies may have overstated their turnover in their applications for COVID-19 loans. In the majority of cases, the mistake was subsequently corrected. A few criminal complaints were filed when criminal intent was suspected.*
- *According to prosecutors, COVID-19 loans may have been used for illicit purposes (e.g. paying out dividends or acquisition of luxury items) in a number of cases.*

#### *Short-time working compensations*

*On 20 March 2020, the government simplified the procedure and eased the conditions for granting short-time working compensation, in order to extend the range of beneficiaries and cope with the large number of claims.*

- *The whistleblower hotline at SFAO received reports on irregularities related to short-time working compensation. Some employers may have claimed compensation while business activity remained at regular levels.*

#### *Cyber-criminal fraud*

- *The number of incidents reported to the Swiss National Cyber Security Center increased two- to threefold during the period when many employees were working from their home offices. This includes phishing, online fraud and network attacks.*

5. Are any longer-term trends in corruption risks beginning to emerge as a result of COVID-19 in your country that will need a new or improved anti-corruption approach in the future? Please elaborate on these trends, and the new or improved anti-corruption approach if possible.

*No. It may be too early to see such trends.*

## B. Anti-Corruption Controls during the Pandemic

6. What are the anti-corruption controls, safeguards, and measures that your government has put in place to address corruption risks identified in section (A)? Please highlight any special measures or procedures that have been introduced during the pandemic (e.g. telephone hotlines to report corruption in the allocation and disbursement of crisis response funds, an interagency cooperation taskforce among anti-corruption authorities, cooperation across international borders, ex-post facto audits of crisis related spending, publishing the beneficial ownership information of companies awarded public contracts, etc.)?

*The government mandated a specific auditing concept for preventing abuse of the COVID-19 loan guarantees on 1 April 2020 and approved its basic features on 3 April 2020. A more elaborate concept was issued on 12 May 2020. It establishes a system of checks and double-checks to be performed by different stakeholders, including banks, loan guarantee cooperatives, and the federal administration. The Swiss Federal Audit Office performs complementary data analysis.*

*The detection of fraud related to short-time working compensations relies on pre-established control procedures and whistleblower reports. However, the federal administration's regular capacity proved insufficient to deal with the increased caseload. It is currently hiring and training external inspectors in order to enhance capacity by more than 100%, and accelerating the digitalization of procedures. This will facilitate the data analysis and improve the risk-based selection of cases that merit close scrutiny.*

7. Does your government have any specific legislative / governance procedures in place to allow for timely public procurement in emergency situations? If so, please describe these briefly below. If not, how is emergency public procurement during the Coronavirus pandemic taking place / how did it take place and what anti-corruption measures were adopted?

*Yes. If the protection of human health and human life so requires, the ordinary procedures laid down in the Federal Act on Public Procurement may be waived, in case of urgency, in favor of a direct award of contracts.*

*The Swiss government declared a public health emergency ("extraordinary situation" in terms of the Epidemics Act) on 16 March 2020. On 27 March, the Federal Conference on Procurement issued a set of recommendations on public procurement during the emergency period. The recommendations are designed to facilitate and accelerate the procurement of products and services for the public health response and for upholding the operation of essential public services. In particular, it is recommended to resort to digital procedures (e.g. allowing electronic signatures) and to provide for both flexibility and transparency when dealing with exceptional circumstances.*

8. Do any mechanisms exist in your jurisdiction which are specifically-designed to monitor procurement activity during any public emergency, including the current COVID-19 pandemic? Please elaborate.

*No. Since procurement activity is generally subject to monitoring, there was no need for a specifically designed mechanism for pandemic-related procurement.*

9. How effective do you believe the domestic anti-corruption controls referenced in questions 6-8 in this section have been, and what have been the main challenges?

*A preliminary assessment by the Swiss Federal Audit Office (SFAO) found that unjustified claims for payments are not a mass phenomenon. A first representative analysis of 94 000 COVID-19 loans revealed concrete evidence of potential abuse in just over 400 cases. The control system on short-time working compensations has proven capable of identifying irregularities at an early stage, thus preventing unjustified disbursements. So far, it has identified very few cases of fraud (just one criminal prosecution).*

*An important challenge in the verification of data was compliance with data protection regulations.*

10. If possible, please provide an overview of how non-governmental stakeholders (e.g. civil society and the media) have supported oversight efforts to detect fraud and corruption during your country's response to the pandemic. Are there any specific policies and practices your country has in place to facilitate these efforts?

[Redacted]

11. Considering your responses to questions 6-10 of this section, which of such measures and processes would you consider good practices to be shared with the G20 ACWG?

*The reliance as far as possible on pre-existing instruments and procedures in the COVID-19 response, thus avoiding discretionary allocation of funds.*

12. In your opinion, how can the G20 countries work collectively to address corruption risks arising in connection with the COVID-19 crisis, both with respect to national efforts and international collaboration?

[Redacted]

13. In your opinion, are there any new ways of working in the anti-corruption space which may be necessitated by the impact of COVID-19, in response to short or longer-term trends (e.g., conducting remote court hearings on corruption cases)? Please elaborate.

14. If possible, please outline measures which could be taken in your country to prepare for and safeguard against risks during future crises in terms of the anti-corruption response.

15. If possible, from your own perspective, are there any areas of overlap between the ACWG priorities in 2020 and the response to the COVID-19 crisis, or other future crises which you would like to highlight? For example, has ICT been used to enforce anti-corruption controls during the pandemic? Would you consider including mechanisms for emergency responses in your national anti-corruption strategy, if your country has one? Please elaborate.

## TURKEY:

### Questionnaire for the members of the G20 ACWG

#### A. Corruption Risks during the COVID-19 Pandemic

1. Has your government assessed domestic or transnational corruption risks arising during the COVID-19 pandemic, either through a formal risk assessment or other informal means? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents such as anti-corruption plans to mitigate corruption risks arising in connection with the COVID-19 crisis).

Turkey has not published a formal general risk assessment table regarding COVID-19. However, in each institution, it was continued to implement the measures taken within the scope of our laws of Fight Against Corruption, against the corruptions that occur or may occur within their own structure. In this respect, we would like to indicate that

Ministry of Interior, Ministry of Justice, Ministry of Family, Labor & Social Services, and Ministry of Health in particular, have been maintaining studies.

A website where general information for COVID-19 outbreak is shared and where materials such as warning, announcement and brochure are published by the Ministry of Health has been launched for service of the users. See:

<https://covid19.saglik.gov.tr/>

[https://covid19.saglik.gov.tr/?\\_Dil=2](https://covid19.saglik.gov.tr/?_Dil=2)

2. Has your government undertaken any previous corruption risk assessment which is relevant to activities being conducted, or risks present in the current pandemic situation or other emergency scenarios (e.g. an assessment of corruption risks in the healthcare sector which existed beforehand, assessment on emergency procurement processes, etc.)? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents).

Turkey had prepared the Circular titled “Preparations Needed for a Global Influenza Pandemic (Küresel Bir Grip Salgını (Pandemi) Konusunda Yapılması Gereken Hazırlıklar)” in 2006 on behalf of taking measures beforehand against the corruption risk and of fight against these kinds of pandemics and has been implementing it by updating as of that date.

For the circular see: <https://www.resmigazete.gov.tr/eskiler/2006/08/20060823-4.htm>

Moreover, regarding the matter, an emergency situation planning was made by taking into consideration the disease conditions in which outbreak possibility might be previously available. For the emergency situation planning in question see:

[https://www.grip.gov.tr/depo/saglik-calisanlari/ulusal\\_pandemi\\_plani.pdf](https://www.grip.gov.tr/depo/saglik-calisanlari/ulusal_pandemi_plani.pdf)

Concerning COVID-19 outbreak, prior that the World Health Organization announced an emergency situation with regard to coronavirus, Turkey had formed “Scientific Board” within the scope of efficient fight against COVID-19 on 10 January 2020. Scientific Board is under the presidency of the Minister of Health, Fahrettin Koca and it is consisted of 31 scientists of infection, virology, internal medicine, intensive care, microbiology and chest diseases experts in particular who are competent in their fields and from the leading universities of Turkey. In our country, for every step and measure to be taken in the field of fight against the outbreak, advices of the Scientific Board are considered.

3. Please outline the top 3–5 corruption risks your country has identified (both short and longer term) arising in connection with the COVID-19 crisis. Where possible, please indicate whether these risks were present and/or high prior to the onset of the pandemic. When outlining risks, you may consider the following (non-exhaustive) list:

- Corruption and fraud risks in public procurement of medicines, medical supplies or any related goods or services (this may include price gouging, bribery, self-dealing,

and any other risks occurring specifically as a result of public procurement rules allowing for expedited delivery of goods/services during the pandemic).

- 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).
- 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.
- Misdirection or exploitation of government funds or other assets (e.g. PPE, ventilation equipment).
- Fraudulent billing to the government or insurance companies for the provision of healthcare services.
- Undue influence and conflicts of interest in healthcare provision and regulation (including drug development and market entry), policy-setting and evaluation.
- Provision of counterfeit medical supplies and / or medication.
- 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.
- Increases in COVID-19 related cyber-criminal fraud.
- Impeded anti-corruption enforcement actions due to the COVID-19 crisis.
- Impeded provision of international cooperation (e.g. mutual legal assistance) due to the COVID-19 crisis.
- Exploiting the disbursement of national economic relief/rescue/stimulus packages, including:
  - Officials soliciting bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Officials being offered, promised or given bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Exploitation (including sexual exploitation and sextortion) and abuse of vulnerable or marginalized communities in exchange for financial or in-kind support as part of economic/social support services.
  - Schemes such as creating false or non-existent beneficiaries to embezzle stimulus / relief funds.
- Exploiting international financial aid related to COVID-19 or other types of support.
- 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.

The risks identified during the COVID-19 crisis may be listed as follows:

- **Production of Fraudulent Disinfectants:** The Ministry of Health carries out works on this matter. Accordingly, it has published circulars and instructions defining the specifications of disinfectant, and also the list of biocidal products deemed to be appropriate. In the scope of the works, the lists are reviewed and amended at regular intervals. Please find below the relevant instruction and list

of the Ministry of Health concerning disinfectants:  
<https://hsgm.saglik.gov.tr/tr/cevresagligi-biyosidal/dezenfektanlar-ve-genel-biyosidal-%C3%BCr%C3%BCnler-birimleri/dezenfektanlar-ve-genel-biyosidal-urunler.html>

<https://hsgm.saglik.gov.tr/tr/cevresagligi-biyosidal/dezenfektanlar-ve-genel-biyosidal-%C3%BCr%C3%BCnler-birimleri/izinli-biyosidal-urunler-listesi-guncel.html>

The private sector, in which serious measures need to be taken against COVID-19, has been provided with the explanations of the Directorate General for Occupational Health and Safety Equipment Centre of Ministry of Family, Labour and Social Services, and informed about the fraudulent disinfectants not approved by the Ministry, as well as relative inspections are carried out.

**Fraudulent tests and laboratories:** Turkey has prepared a website, which is regularly kept up-to-date to inform all those concerned regarding that they should be cautious and careful with the institutions and organizations declaring that they would conduct or have conducted fraudulent tests. It has also published the list of diagnostic laboratories authorized by the Ministry of Health to conduct these tests.

Please find below the link provided on this matter:

<https://covid19.saglik.gov.tr/TR-68720/covid-19-yetkilendirilmis-tani-laboratuvarlari-listesi.html>

- **False publications, banners, leaflets, and advertisements:** To enable that no one is suffered from corruption acts such as false publication, fraud and robbery, up-to-date information flows on the website - covid19.sağlık. In this regard, leaflets, publications, and informative explanations are provided, and thus it is enabled that citizens have access to exact information. This inventory has been elaborately prepared, including the points to take into consideration separately for healthcare personnel, public and institutions.

Moreover, it has been distributed to all public and private sectors and each personnel has been provided with the information at first hand.

Please find below the relevant inventory in the publications tab of following link:

<https://covid19.saglik.gov.tr/>

- **Increasing cybercrimes:**

In the works conducted by the Department Cybercrime of Ministry of Interior on the relevant matter, it has been specified that with the COVID-19, there is a remarkable increase in the number of cyber-criminal fraud, and compared to the previous years, the rate of detected and closed fraud websites was increased by 30% and reached from 9.145 up to 13.200.

- **Fake fundraising campaigns:**

Fake fundraising campaigns are among the major risks under the COVID-19. It has been determined that such campaigns were held by exploiting the names

of various public institutions. In this regard, public service announcements have been released, and public institutions have shared information relevant to this matter on their websites and social media accounts.

- **Irregularity in the supply of health equipment and specifically masks:**

With the COVID-19 pandemic, preventive measures, including customs controls, have been applied by the relevant public institutions to avoid troubles with the supply of health equipment and specifically masks and to prevent price gouging.

4. If possible, please provide examples of detected or suspected instances of domestic or transnational corruption or fraud, in line with the key risk areas mentioned in question 3. Please include a summary of the detected or suspected act, and how it was detected. Where such information is sensitive, please provide examples of the type of incident which has occurred.

It has been observed that since the middle of March, when Covid-19 was detected for the first time in Turkey, cybercrimes have increased considerably. Whereas 9145 phishing websites were identified and rendered inaccessible in the period of March-July of the previous year, 13200 phishing websites were identified and rendered inaccessible in the same period this year. This shows that a %30 increase has been experienced in phishing websites, which are used for committing fraud, compared to the previous year.

5. Are any longer-term trends in corruption risks beginning to emerge as a result of COVID-19 in your country that will need a new or improved anti-corruption approach in the future? Please elaborate on these trends, and the new or improved anti-corruption approach if possible.

It is considered that it is still early to conduct an evaluation regarding the longer-term trends in corruption risks emerging as a result of COVID-19. On the other hand, it should be noted that an important step has been taken in the struggle against corruption through the measures taken in the supply of health-related needs. It is foreseen that in case where the disruptions experienced in international trade and production, and the increase in the rate of unemployment continue, setbacks may be encountered in the supply of goods and services and corruption risks may emerge thereafter.

The new or improved anti-corruption approaches put forth before Covid-19 in upper policy documents are as follows:

The pillar of “rule of law, democratization and good governance”, which is one of the five main pillars of the 11th Development Plan (2019-2023), covers goals and policies aimed at reinforcing the application of the principles of rule of law and democratization across all institutions and organizations making up the state, and strengthening the

sense of good governance where inclusiveness, transparency and accountability are achieved at all levels in public administration. Within the scope of the aforementioned pillar, it is indicated that an effective struggle will be carried out against corruption.

In the Twenty Guiding Principles for the Fight against Corruption adopted by the Committee of Ministers of the Council of Europe, GRECO member states are called to “adopt appropriate and transparent procedures encouraging fair competition in public tenders and discouraging corruption”. In accordance with the aforementioned call, it is stated in the 11th Development Plan that the processes and results with regard to public tenders will be published online. Accordingly, progress has been made in strengthening transparency in public tender processes.

Within the scope of the measure titled: “the accuracy of declarations of property made by public official will be investigated and an automatic tracking system will be established for anti-corruption purposes”, included in the 2020 Annual Presidential Program, it is stated that the analysis on the tracking system will be completed.

## B. Anti-Corruption Controls during the Pandemic

6. What are the anti-corruption controls, safeguards, and measures that your government has put in place to address corruption risks identified in section (A)? Please highlight any special measures or procedures that have been introduced during the pandemic (e.g. telephone hotlines to report corruption in the allocation and disbursement of crisis response funds, an interagency cooperation taskforce among anti-corruption authorities, cooperation across international borders, ex-post facto audits of crisis related spending, publishing the beneficial ownership information of companies awarded public contracts, etc.)?

### **General arrangements regarding face masks:**

The Ministry of Health have addressed letters to the governorates, indicating that medical face masks used by the health care personnel serving in risk areas, such as “N95, FFP2 and FFP3” masks, could only be provided from pharmacies and in exchange for a prescription.

As for citizens’ access to face masks, face masks have been delivered, through the governorates and free of charge, to those places where people who are under the coverage of social security and serve in the public and private sectors work across Turkey. Moreover, non-worker family members (such as spouse and children), though covered under social security, of those citizens enjoying social insurance have been enabled to get face masks from pharmacies and free of charge. In the later stages of the pandemic, pharmacies have been made to sell face masks for a fee fixed by the State.

### **Prohibition of exportation of face masks:**

As far as coronavirus (2019-nCoV) disease is concerned, necessary measures are being taken in our country in order to ensure access to safe products, effective management

of critical product stocks and supplies, provision of health care services without any failure and protection of public health.

In line with these objectives:

- exportation of “Protective Masks (Masks with Filters against Gas, Dust and Radioactive Dust)”, “Overalls (Protective Working Clothes)”, “Liquid Tight Smocks (Protective Smocks used against Chemicals)” and “Goggles (Protective Goggles)” supplied to the market as Personal Safety Equipment under the “Communiqué no. 96/31 Amending the Communiqué on Products Whose Exportation is Prohibited and Subject to Pre-Authorization” published on 04 March 2020 and exportation of “Medical and Surgical Masks” and “Medical Sterile/Non-Sterile Gloves” supplied to the market within the framework of the Regulation on Medical Devices;
- importation of goods under customs tariff statistics positions 3822.00 and 3002.15 used for people in accordance with the “Communiqué on Importation of Medical Diagnostic Kits” published on 02 April 2020 have been subjected to pre-authorization of the Ministry of Health.

This state of affairs has been announced to the persons concerned through “Declaration no. 2020/10 and dated 02 May 2020 on Products whose Exportation and Importation are Subject to Pre-Authorization pursuant to the “Communiqué No. 96/31 on Products whose Exportation is Subject to Pre-Authorization”.

#### **Regulation of face mask prices:**

In the period during which the fight against the pandemic started, measures were taken in respect of face mask sales in order for both meeting urgent needs of the health care personnel and precluding corruption by the opportunists in the market. During the pandemic process, not only all medical necessities of health care personnel were met, but also face masks were distributed free of charge to the citizens and foreigners resident in our country. Subsequent to the announcement of the normalization plan in the fight against Covid19, the said measures lifted and sale of face masks was allowed in the free market.

In this framework, surgical masks are sold through stores, pharmacies, medical firms and e-trade platforms selling medical devices. Both in the course and aftermath of the pandemic process, our target is to ensure people's access to masks and other medical materials in the fastest and easiest way.

#### **Chronic Diseases:**

Given the fact that the people whose immunity is adversely affected owing to chronic diseases tend to go through infectious diseases with more severity, arrangements were made for the supply of medication and medical devices so that no disruption is caused in their access to health care services and the risk of probable transmission is reduced as decreasing their resort to health care service providers, as much as possible, is important in the fight against coronavirus (COVID-19).

#### **Gratis Provision of Covid19 Drugs by the State:**

As a requirement of the principle of social state, Covid19 diagnostics, treatment and drugs are offered by Turkey free of charge. Where necessary, everyone in our country

is provided with, free of charge and without discrimination, ambulance services in urgent cases, respirators and intensive care unit services.

**Test Kits:**

Test kit production is going on with due regard being had to those objectives such as test kits yielding good results and increasing the number of test kits. In Turkey, tests are performed free of charge in accordance with the principle of social state.

**Gratis Treatment Services by Private Hospitals:**

As the number of patients has increased, private hospitals have also been made to provide treatment services free of charge under certain circumstances in the fight against Covid19 in those places where the patients are high in number. In case contracted private hospitals receive additional payment from patients, the Ministry of Health carries out necessary proceedings upon a complaint.

**Short-Time Working Allowance:**

In accordance with the decisions taken on 18 March 2020 in the coordination meeting on the fight against coronavirus, the Short-Time Working Allowance was put into practice within the framework of the economic sustainability shield package. Accordingly, workers in those workplaces which have taken a break in their activities have been provided with income support and the costs borne by employers have been decreased.

The short-time working allowance is a practice providing income support - in cases where, due to general economic, sectorial, regional crisis or pressing grounds, weekly working hours have been temporarily decreased by at least one third or activities in a work place have been suspended, in part or in whole, for a period of at least four weeks, with no permanency requirement, - for the insured workers for a period during which they cannot work and which might not exceed three months.

**Suspending Loan Repayments:**

Similarly, in accordance with the economic stability shield package, repayments of loans and interests to be made to the banks by those companies whose cash flow has been affected by Covid19 measures have been suspended for at least 3 months and, where necessary, the companies in question have been provided with additional financial support.

**Support Credit Packages:**

Support credit packages have been offered to those citizens in need owing to coronavirus. Support credit packages, which citizens may use to pay their bills and pay off their deferred liabilities, also include options such as holiday support credit. In support credits, credit for an amount up to 10 thousand TL may be given; as for repayments, there are options such as no repayment for 6 months and a 36 month credit term.

In accordance with the Presidential Decree, repayment of credit debts of those merchants and craftsmen who have suffered losses due to the pandemic has been suspended. Concerning suspended credit repayments, no proceedings will be

conducted until the end of the term of suspension. Banks may give, upon demand, low interest loan to the merchants and craftsmen with suspended credit repayments.

**International Judicial Cooperation:**

Although there has been a serious standstill in the field of judicial cooperation, Covid19 pandemic has also conduced to the diversification of judicial cooperation channels. In this context, while the number of physical requests received has decreased, there has been a significant increase in the number of requests received through e-mail and fax etc., and informal cooperation methods have been utilized at considerable rates.

7. Does your government have any specific legislative / governance procedures in place to allow for timely public procurement in emergency situations? If so, please describe these briefly below. If not, how is emergency public procurement during the Coronavirus pandemic taking place / how did it take place and what anti-corruption measures were adopted?

Public Procurement Law No:4734 regulates the public procurement procedures in Turkey. Main procurement processes are open and restricted procedures. However, in case of emergency situations, contracting authorities may apply two provisions laid down in the Law, which are mentioned below.

First, according to the point (b) of Article 21, if it is inevitable to conduct the tender procedures immediately, due to unexpected and unforeseen events such as natural disasters, epidemics, risk of losing lives or properties or events that could not be predicted by the contracting authority, that authority is authorized to use negotiated procedure without a contract notice by inviting at least three economic operators.

Second, according to the point (f) of Article 22, contracting authorities may apply the direct procurement method without a contract notice and without receiving any securities in case of the procurement of medicine, vaccination, serum, antiserum, blood and blood products which are not economically stored due to their nature and necessity to use in a definite time interval or used in urgent cases.

With this afore-mentioned Law, it is aimed to meet the necessities with high quality and reasonable prices in time and to establish a transparent structure in order to prevent abuses such as bribery, fraud, etc. The irregularities during the public procurements can only be prevented with a good audit. In our country, the authority of external audit, which covers all financial control transactions following the expenditures in the public institutions, is given to the Court of Accounts. The most efficient audit among the audit units is the audit of the Court of Accounts. The aim of the external audit, performed by the Court of Accounts, is the examination of financial activities, decisions and transactions of the public administrations in terms of their compatibility with the laws, institutional aims, targets and plans within the framework of the accountability of all public administrations. The external audit is carried out within the framework of general-accepted audit standards.

8. Do any mechanisms exist in your jurisdiction which are specifically-designed to monitor procurement activity during any public emergency, including the current COVID-19 pandemic? Please elaborate.

Public procurement monitoring system works as mentioned below:

Regarding the dispute resolution, The PPA has the authority to review complaints submitted by tenderers, potential tenderers and candidates claiming that the proceedings carried out by the contacting authorities are in violation of the PPL and the related legislative provisions. Review procedure consists of three stages:

- Complaint process to contracting authority,
- Complaint against the decision of contracting authority to the PPA,
- Judicial process.

In addition, Public Procurement Monitoring Reports are published by the PPA semi-annually and all relevant data are available in these reports. These reports are also publicly accessible on the PPA website ([www.kik.gov.tr](http://www.kik.gov.tr)).

Besides the PPA, Turkish Court of Accounts has an important role in public procurement. Audit carried out by the Court of Accounts includes determining whether revenues, expenditures and assets of public administrations, as well as accounts and transactions pertaining to those are in compliance with laws and other legal arrangements.

9. How effective do you believe the domestic anti-corruption controls referenced in questions 6-8 in this section have been, and what have been the main challenges?

According to the public procurement statistics published, the share of the tenders made with the electronic tender method in all tenders in 2019 was 10%, which increased to 36,6% in 2020 (January-August) and 48% during the pandemic (April-August 2020).

Many of the controls reflect what has worked effectively in past emergencies. Given the unprecedented nature of the pandemic, steps will be taken to make adjustments as necessary if challenges arise.

10. If possible, please provide an overview of how non-governmental stakeholders (e.g. civil society and the media) have supported oversight efforts to detect fraud and corruption during your country's response to the pandemic. Are there any specific policies and practices your country has in place to facilitate these efforts?

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. By the Ministry of Health in person, 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. In case of spread of misinformation, the explanations are made by the related officials via media organs and the citizens are informed. By means ALO 184 phone line, every kind of consultation services are given to the citizens related with

both COVID-19 and other issues. The access of citizens to the related institutions is simplified and their access to correct information is enabled. The public institutions examine requests, submitted via social media and telephone, meticulously and the necessary steps are taken. In addition, every kind of control is made related with the production of fake mask and medicine; and the application of immune plasma treatment is made under the control of the Ministry of Health.

**Vefa Destek Grubu (Fidelity Support Group):** In order to prevent the citizens over 65 years and the citizens with chronic illnesses, subject to lockdown within the scope of fight against COVID-19, not to suffer from these restrictions, Fidelity Support Groups are established and the volunteers are included in these groups. Fidelity Support Groups, which can be accessed via phone numbers such as 112, 155, 156, meet all needs of persons under lockdown such as shopping and deliver packages including cologne, soap, mask and disinfectants to these persons.

**BizBizeYeterizTürkiyemKampanyası (We Are Self-Sufficient Campaign):** With this support campaign organized by the state in line with the requests of the citizens, within the framework of national solidarity, the persons in need, who are affected from COVID-19 pandemic, are supported.

11. Considering your responses to questions 6-10 of this section, which of such measures and processes would you consider good practices to be shared with the G20 ACWG?

**Free treatment:** Free treatment is offered to people living in our country, regardless of whether they have any social security, within the scope of combating the coronavirus (COVID-19) disease, which has been declared as a pandemic by the World Health Organization. These people have free access to all kinds of personal protective equipment recommended for use in the disease in question, such as tests, kits, etc. used in the diagnosis of the disease, and centrally provided medicines. In addition, patients who cannot be treated at home, are treated free of charge in public and private hospitals.

**Mask assistance:** Free masks have been distributed to everyone who requested them, in order to help the treatment of people living in our country and to prevent them from being defrauded in the supply of masks and to combat stockpiling.

**Vefa Support Group:** Volunteers are also included in the Vefa Support Group, which was established to ensure that citizens over the age of 65 and with chronic illnesses are not victims of the lockdown, imposed to combat COVID-19. Vefa Support Group, which can be reached through general numbers such as 112, 155, 156, meets all the demands of people under restriction, including their shopping needs, as well as delivering packages of cologne, soap, masks and disinfection products to these people or those in need.

**E-Hearing System:** With the effect of Covid-19, an e-hearing system was introduced in our country. By 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. For detailed information, see the explanations in article 13.

**Education Information Network (EBA):** EBA is a social educational electronic content network, established by the Ministry of National Education in our country. The

platform, which was established to ensure that students are not deprived of their right to education during the epidemic, provides distance education for students and teachers.

**The Campaign “We Are Sufficient for Us”:** by this support campaign, organized by the government in line with the demands of people, is to support citizens in need affected by the epidemic Covidien-19 scope of national solidarity.

12. In your opinion, how can the G20 countries work collectively to address corruption risks arising in connection with the COVID-19 crisis, both with respect to national efforts and international collaboration?

In this period, it is important to increase and accelerate international cooperation for emergencies or important situations. Counterfeit drugs used in the treatment of COVID-19 should be prevented from being produced and put on the market, and collaborative inspections should be carried out for this purpose.

Companies that want to produce antibody tests can take advantage of the difficult situation that patients are in, and sell blood at very high prices. Measures should be taken to inspect these companies and at the same time to prevent people from being defrauded.

In the upcoming period, when the COVID-19 vaccine is developed, joint measures should be taken to prevent counterfeit drugs from being produced and released on the market.

13. In your opinion, are there any new ways of working in the anti-corruption space which may be necessitated by the impact of COVID-19, in response to short or longer-term trends (e.g., conducting remote court hearings on corruption cases)? Please elaborate.

**E-Hearing System:**

With the effect of Covid-19, an e-hearing system was introduced in our country for the first time. Thanks to this system, those concerned will be able to attend their hearings in different cities via video conferencing either on computers or mobile platforms without the need to travel.

Lawyers can submit the request for e-hearing by writing their justification up to 24 hours before the hearing. After the judge accepts the request on UYAP and upon the court's activation initiating the e-hearing on the hearing day, lawyers can attend the relevant hearing on the portal or they can attend the hearing via their mobile phones or tablets through the CELSE application by performing the same procedures.

The e-hearing system operates with the most comprehensive security procedures of UYAP, thoroughly on the servers of the Ministry of Justice. Thanks to the central recording system, the records of all e-hearings are kept securely and can be made accessible to the parties with the approval of the court.

Authentication is provided with the secure electronic signature method on the Lawyer Portal, and the e-hearing system can be accessed by authentication via secure electronic signature through the lawyer portal.

During the video conference, the photo and information of the lawyer are shown on the judge's screen via UYAP system. In the forthcoming stages, it is planned to increase the level of security by providing controls using facial recognition, fingerprint etc.

Since all software and developments of the e-hearing system have been made by the personnel of the Directorate General for Information Technologies of the Ministry of Justice, significant savings in public funding are also achieved.

#### **Flexible Working:**

With the Presidential Circular, in order to minimize the spread of the Covid-19 outbreak, flexible working opportunities such as remote working and rotational working are provided to employees in public institutions and organizations, regardless of the way they are employed, provided that they do not weaken the activities to fight against this outbreak and reduce the effects of the outbreak and do not disrupt public services.

The procedures and principles regarding this are determined by the top executive of the relevant organization.

Within the scope of this Circular, employees who benefit from flexible working methods are deemed to have actually fulfilled their duty of employment during this period.

Remote or rotating employees and those who work on-site are equal in terms of the responsibility of running the service. Financial and social rights and benefits and other personal rights of those who work remotely or on return are reserved.

On the other hand, the state called on the private sector to reorganize their working hours, provide remote working and minimize risks by taking the necessary hygiene measures.

14. If possible, please outline measures which could be taken in your country to prepare for and safeguard against risks during future crises in terms of the anti-corruption response.

First of all, a mechanism should be developed for the full and appropriate implementation of the anti-corruption measures in the crisis situations.

Measures may be taken for improving the transparency and accountability in addition to the economic support and aids.

The risk evaluation based on sectors should be conducted beforehand in order to ensure the implementation of the measures and good management in crisis situations.

The cooperation between private and public sectors should be increased to fill the gaps in the system and not to repeat the mismanagement, and available denunciation and reporting systems should be improved.

In addition, in relation to the fight against corruption in the field of health, it is considered that it would be beneficial to increase the regulations in the fields of health products and services against the risk of black-market which might be created in the crisis situations such as epidemics. Besides, in the event that public acquisitions are conducted in the fields of health products and services in the crisis situations such as

epidemics, a portal may be established to conduct and announce the procedures concerning these acquisitions transparently.

15. If possible, from your own perspective, are there any areas of overlap between the ACWG priorities in 2020 and the response to the COVID-19 crisis, or other future crises which you would like to highlight? For example, has ICT been used to enforce anti-corruption controls during the pandemic? Would you consider including mechanisms for emergency responses in your national anti-corruption strategy, if your country has one? Please elaborate.

ICT (information and communication technology) has been well used in both domestic anti-corruption efforts and international anti-corruption cooperation during the pandemic.

-The use of ICT to enforce anti-corruption controls during the proves highly beneficial. As an example, *cyberpatroling activities have increased their during the pandemic, monitoring web domains and collecting information for the prevention of crime*

## UK

### Questionnaire for the members of the G20 ACWG

#### A. Corruption Risks during the COVID-19 Pandemic

1. Has your government assessed domestic or transnational corruption risks arising during the COVID-19 pandemic, either through a formal risk assessment or other informal means? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents such as anti-corruption plans to mitigate corruption risks arising in connection with the COVID-19 crisis).

Please note: this questionnaire return takes a broad focus, considering the UK's response to *both* fraud and corruption. The former has been the primary focus for UK activity. Levels of corruption uncovered to date have been limited – a clearer picture of the impact of COVID-19 on bribery and corruption may not become known for some time due to a delay in detections of offences and the complications caused by greatly increased financial transactions as economies react to the pandemic.

##### Assessment processes

The UK government has initiated a number of complementary assessment and reporting processes:

**The National Assessment Centre within the National Crime Agency (NCA)** has generated regular intelligence assessments on the implications of COVID-19 across a range of crime types, including futures assessment.

The UK Government also established the **COVID-19 International SOC Analysis Team** (CISAT) on a temporary basis. This generated all source reporting of emerging themes derived from analysis of operational, cross government and open source reporting on the impact of COVID-19 on international Serious Organised Crime.

With a fraud perspective the NCA established **Operation Etherin** to provide a multi-agency approach to assessing the threat/risk from COVID-19 across the full fraud landscape. The strategy comprised three pillars:

1. understanding the threat,
2. developing operational responses,
3. agreed communications strategy between partners to ensure consistent public messaging.

It comprised various partners from fifteen agencies, coordinated by the National Economic Crime Centre.

UK Government bodies are conducting Fraud Risk Assessments for COVID-19 affected spend including for procurement, economic stimuli, process easements, education support and associated costs. These are intended to look across all fraud risks including corruption. This activity is in progress and developing as new spending and new risks arise.

Separately intelligence from dark web and other sources is reviewed and acted on as appropriate, to help prevent fraud, bribery & corruption.

### Findings

We judge that the period from ‘UK lockdown’ (March 2020) to August 2020 encapsulates the short term phase of the response to the threat. We are now moving in to the medium/long term phase of response, which we assess is likely to pose some differing characteristics to the short term threat. Examples of the key findings from the short term period include:

- We noted the rapid emergence of multiple examples of COVID-19 frauds which sought to exploit the immediate vulnerabilities/demand across society; the sectors included, medical supplies (PPE/fake vaccines, etc.), shortages of certain goods/services and financial services (personal loans, stimulus relief funds), etc.
- All fraud is increasingly enabled and operated using digital technology; the use of digital platforms - phishing, smishing, email, online, etc.
- The victims of COVID-19 frauds comprised a whole spectrum of society, including the general population, government, institutions and commerce.
- A distinction can be drawn in the threat from ‘volume’ fraud and ‘sophisticated’ attacks. Volume fraud in this sense can be characterized by the very large numbers of fraudsters – of probably individuals or small groups – who copy, adapt and operate a multitude of frauds and scams, typically based on mass-marketing methodology. Sophisticated fraud is the threat from (international) serious organized crime groups, who may possess or seek to develop, the technical

capability to commit sophisticated frauds against the various government/public sector stimulus relief funds.

2. Has your government undertaken any previous corruption risk assessment which is relevant to activities being conducted, or risks present in the current pandemic situation or other emergency scenarios (e.g. an assessment of corruption risks in the healthcare sector which existed beforehand, assessment on emergency procurement processes, etc.)? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents).

#### Relevant assessments

The UK Government undertakes a number of regular and periodic assessments that are relevant to corruption, and broader issues of fraud and serious organised crime. These include:

##### **The Annual National Strategic Assessment of Serious and Organised Crime**

<https://www.nationalcrimeagency.gov.uk/news/nsa2020>

The 2020 Assessment considers corruption with a focus on organised crime, noting that:

- organised criminal groups remain the most significant external corruption threat to UK law enforcement.
- organised crime is enabled by certain corrupt individuals within the private sector who are in roles that allow them to subvert law enforcement functions.
- Examples include baggage handlers who facilitate the movement of people or illicit goods across the UK border, HGV drivers transporting illicit loads and prison staff who smuggle illicit commodities into prisons.
- Criminals also use corrupt professional enablers to assist their operations, such as accountants who help them launder criminal profits.

##### **The National Risk Assessment of Money Laundering and Terrorist Financing**

Last published in 2017. The next version will be published in 2020.

<https://www.gov.uk/government/publications/national-risk-assessment-of-money-laundering-and-terrorist-financing-2017>

##### **The Annual Fraud Landscape Report**

<https://www.gov.uk/government/publications/cross-government-fraud-landscape-annual-report-2019>

The 2019 report notes that: the government is making progress against its objective of finding more fraud; instances of suspected and reported fraud are increasing; and the UK is building our counter-fraud capability.

##### **An Annual (unpublished) National Crime Agency Counter-Corruption Assessment.**

Sector specific assessments are also being undertaken both regularly and on an ad hoc basis. These are too numerous to list.

The Government Fraud Function has completed over 200 risk assessments to form a global risk assessment of all stimulus funds released in the UK for COVID-19. The risk assessments include consideration of fraud, bribery and corruption.

3. Please outline the top 3–5 corruption risks your country has identified (both short and longer term) arising in connection with the COVID-19 crisis. Where possible, please indicate whether these risks were present and/or high prior to the onset of the pandemic. When outlining risks, you may consider the following (non-exhaustive) list:
  - Corruption and fraud risks in public procurement of medicines, medical supplies or any related goods or services (this may include price gouging, bribery, self-dealing, and any other risks occurring specifically as a result of public procurement rules allowing for expedited delivery of goods/services during the pandemic).
  - 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).
  - 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.
  - Misdirection or exploitation of government funds or other assets (e.g. PPE, ventilation equipment).
  - Fraudulent billing to the government or insurance companies for the provision of healthcare services.
  - Undue influence and conflicts of interest in healthcare provision and regulation (including drug development and market entry), policy-setting and evaluation.
  - Provision of counterfeit medical supplies and / or medication.
  - 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.
  - Increases in COVID-19 related cyber-criminal fraud.
  - Impeded anti-corruption enforcement actions due to the COVID-19 crisis.
  - Impeded provision of international cooperation (e.g. mutual legal assistance) due to the COVID-19 crisis.
  - Exploiting the disbursement of national economic relief/rescue/stimulus packages, including:
    - Officials soliciting bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
    - Officials being offered, promised or given bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
    - Sexploitation (including sexual exploitation and sextortion) and abuse of vulnerable or marginalized communities in exchange for financial or in-kind support as part of economic/social support services.

- Schemes such as creating false or non-existent beneficiaries to embezzle stimulus / relief funds.
- Exploiting international financial aid related to COVID-19 or other types of support.
- 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.

Fraud risks were observed in public procurement of medicines, medical supplies and related goods in the short term phase. In the public sector we have seen an increased threat of fraud and corruption in relation to the supply of medical equipment, specifically PPE. A number of companies have been stopped from entering or continuing within the procurement process due to identification of a threat in relation to potential fraud, and or corruption.

It is judged that fraud risks in non-health related sectors, investment opportunities, employment, regeneration etc. will emerge in the medium/long term.

The exploitation or misdirection of the disbursement of national economic relief/rescue/stimulus packages remains a key risk for governments/public fund holders. We haven't suffered a successful, sophisticated, one-off attack in the UK, but we have seen it in other countries and this risk will endure into the long term as long as public funds continue to be available to support relief and economic recovery.

There is evidence of a clear attempt by perpetrators to take advantage of government funds and use for criminal gain and undermine government aims whilst doing so.

Cyber/digital is the key characteristic of fraud. It is estimated to account for +85% of all fraud and will keep increasing. We have increasingly seen the use of cyber enabled fraud on attacks of stimulus funding, and the use of fake SMS and HMG hyperlinks as a hook to defraud the public. We have seen online sales of fake test kits, fake fund raising and fake websites purporting to provide access to stimulus funding.

4. If possible, please provide examples of detected or suspected instances of domestic or transnational corruption or fraud, in line with the key risk areas mentioned in question 3. Please include a summary of the detected or suspected act, and how it was detected. Where such information is sensitive, please provide examples of the type of incident which has occurred.

The UK has secured a range of successful outcomes, from law enforcement operations, leading to arrests and criminal prosecutions, to other disruptions of suspected COVID-19 related fraud, including seizure of fake goods, takedowns of suspect websites, etc.

These operations were conducted on a coordinated national and international basis and featured a variety of themes including; fraudulent medical supplies (PPE/vaccines, etc.) and financial services (personal loans, stimulus relief), employment scams, etc. HMG stimulus schemes have been targeted by international criminal organisations with monies being obtained by "mules" in the UK and then transferred out of the country.

Operational successes were a result of adopting a multi-agency threat/response model through Operation Etherin (see response 1), which focused on the economic crime (fraud) threat from COVID-19. This ensured a clear ‘mission focus’ and the ability to harness the benefits of multi-agency working. This included improved information/intelligence sharing, that enabled operational responses to be developed at pace.

5. Are any longer-term trends in corruption risks beginning to emerge as a result of COVID-19 in your country that will need a new or improved anti-corruption approach in the future? Please elaborate on these trends, and the new or improved anti-corruption approach if possible.

Crime adapts to changing circumstances. Fraud and corruption are crimes that, by definition, take substantial periods of time to devise and implement, and we expect that COVID-19 will be a ‘hook’ which fraudsters and the corrupt will seek to exploit in the medium/long term, and for as long as it remains a feature in society. Looking forward, we judge it likely that the focus of COVID-19 related crime will gradually move away from the initial focus on medical services/supplies, moving increasingly to financial relief and support funding, and in the long term to economic recovery and investment opportunities.

Whilst public procurement has been a core focus in the short term it will be important not to overestimate the longer term risks for public procurement. These are sector related rather than systemic and have been exacerbated by the unprecedented demand pressure brought about by immediate (and short term) COVID-19 crisis.

## B. Anti-Corruption Controls during the Pandemic

6. What are the anti-corruption controls, safeguards, and measures that your government has put in place to address corruption risks identified in section (A)? Please highlight any special measures or procedures that have been introduced during the pandemic (e.g. telephone hotlines to report corruption in the allocation and disbursement of crisis response funds, an interagency cooperation taskforce among anti-corruption authorities, cooperation across international borders, ex-post facto audits of crisis related spending, publishing the beneficial ownership information of companies awarded public contracts, etc.)?

The Counter-Fraud Centre of Excellence in the UK Government’s Cabinet Office has led cross agency efforts specifically on fraud. The key focus of activity has included the following:

- Risk assessment of all COVID-19 related stimulus programs, with more detailed assessments of activity identified as higher risk.
- Cross agency intelligence sharing (see references to Operation Etherin in response 1).

- A communication campaign both across government and with the private sector, including guidance, fraud awareness materials, toolkits and more.
- Due diligence controls such as global company checking and the development of a bank account verification tool to enable Public Bodies to confirm they are paying a grant to the correct bank account using commercial and consumer credit data and to append financial information about the company – to ensure a legitimate business is being paid.
- Data exploitation and reviewing processes to ensure countersigning processes are in place to vet orders, payments, etc.
- Other controls include open book auditing agreements and actions for higher risk spending such as for international grants.

As noted in Response 10, a new fusion cell has been established to share information between law enforcement and the private sector.

The UK has existing controls and safeguards that have been of value. Examples include:

- the Persons of Significant Control Register which allows identification of the beneficial owners of companies, relevant for due diligence checks.
- The National Crime Agency issues formal alerts highlighting particular risks that NCA staff and partners should be aware of.
- Border Force runs awareness sessions focused on the corruption threat.

7. Does your government have any specific legislative / governance procedures in place to allow for timely public procurement in emergency situations? If so, please describe these briefly below. If not, how is emergency public procurement during the Coronavirus pandemic taking place / how did it take place and what anti-corruption measures were adopted?

Procurement Policy Note “Responding to COVID-19” published in March 2020, sets out information and associated guidance on the public procurement regulations and responding to the COVID-19 outbreak, including exceptional circumstances when authorities may need to procure goods, services and works with extreme urgency.

Options that may be considered in relation to procurements under the Public Contract Regulations 2015 included:

- direct award due to extreme urgency (regulation 32(2)(c);
- direct award due to absence of competition or protection of exclusive rights;
- call off from an existing framework agreement or dynamic purchasing system;
- call for competition using a standard procedure with accelerated timescales;
- extending or modifying a contract during its term.

<https://www.gov.uk/government/publications/procurement-policy-note-0120-responding-to-covid-19>

It is the decision of each individual contracting authority whether to procure using the above regulation and there is no central definition of what constitutes an emergency

procurement. The guidance also made clear that contracting authorities must continue to achieve value for money for taxpayers, use good commercial judgement and publish the details of any awards made, in line with Government transparency guidelines.

8. Do any mechanisms exist in your jurisdiction which are specifically-designed to monitor procurement activity during any public emergency, including the current COVID-19 pandemic? Please elaborate.

All contracting authorities should be using online platforms to publish award notices for procurements carried out under emergency circumstances, including COVID-19.

While departments are responsible for their own commercial decisions, such as the award and monitoring of contracts, there are existing rigorous central controls in place to challenge spend robustly and ensure that the actions of Government contracting authorities are open, fair and transparent. Departments seek advice on procurements as and when they consider appropriate.

Specific due diligence was introduced during COVID-19 for procurement to monitor and support fraud prevention. There is ongoing work by the Counter Fraud function to work across government to identify further opportunities to prevent fraud in emergency situations including more intelligent use of data and analytics and wider legislative reviews via a COVID-19 Fraud Ministerial Board which was created.

9. How effective do you believe the domestic anti-corruption controls referenced in questions 6-8 in this section have been, and what have been the main challenges?

Being able to procure at speed has been critical in providing the Government's response to COVID-19, however it has always been clear that all contracts, including those designed to tackle COVID-19 issues, must continue to achieve value for money for taxpayers, should be the product of good commercial judgement, and the details of any awards made should be published in line with Government transparency guideline.

The UK has looked to get responsive solutions to balance the need to respond to the pandemic quickly while controlling fraud. Company and account checks can help procurement due diligence quickly.

10. If possible, please provide an overview of how non-governmental stakeholders (e.g. civil society and the media) have supported oversight efforts to detect fraud and corruption during your country's response to the pandemic. Are there any specific policies and practices your country has in place to facilitate these efforts?

In May the National Crime Agency launched an initiative, bringing law enforcement and government together with the private sector to tackle criminals seeking to exploit the COVID-19 crisis for financial gain. This Fusion Cell, led by the National Economic Crime Centre and co-sponsored by the private sector, brings together experts from across

sectors – including the financial sector, insurance companies, trade bodies, law enforcement and the wider public sector.

The Cell works to rapidly share information on changes to the economic crime threat related to COVID-19 and to proactively target, prevent and disrupt criminal activity, protecting businesses and the public.

This builds on the existing public-private partnerships that exist in the National Economic Crime Centre, including through the Joint Money Laundering Intelligence Taskforce and the UK Financial Intelligence Unit.

The Fusion Cell will work in partnership with industry to identify new trends and threats and decide on the most appropriate way to tackle it, building on the expertise of both the public and private sectors.

The Cell produces a weekly public- private threat dashboard, including high- level Suspicious Activity Reporting trend data, to inform areas for proactive tactical development and disruptive action.

The NCA judges that insight from developing the Fusion Cell has the potential to inform a longer term ambition to develop the capability to spot and stop economic crime before it happens, with real-time insight and disruptive activity through public-private data sharing.

All contracting authorities should be using Contracts Finder to publish award notices for procurements carried out under emergency circumstances. This provides an opportunity for wider stakeholders to play a role in oversight.

11. Considering your responses to questions 6-10 of this section, which of such measures and processes would you consider good practices to be shared with the G20 ACWG?

The UK has good examples of cross-agency working, including with the private sector, through Op Etherin (described in Response 1) and through the Fusion Cell (described in Response 10).

We have established a dedicated COVID-19 fraud response team and fraud risks assessed all stimulus programs, and maintained a global risk assessment including corruption risks. We have developed multiple guidance documents to prevent the threat of fraud and developed cross sector governance to share insights, threats and response.

The UK has committed to publish Contracts Finder data in the Open Contracting Data Standard (OCDS).

12. In your opinion, how can the G20 countries work collectively to address corruption risks arising in connection with the COVID-19 crisis, both with respect to national efforts and international collaboration?

**1. High level political recognition – a Ministerial Call to Action**

Fraud & corruption are crimes that are borderless, transnational and cyber-enabled. In the UK it is estimated that fraud accounts for one third of all crime. Criminals view economic crime *per se* as a low risk/high reward activity. Economic crime affects everyone, everywhere. The costs are huge. An enhanced international response is therefore required. COVID-19 is a global event - global events require global responses and it offers the opportunity to accelerate system change in the collective approach to tackling economic crime.

A Ministerial Call to Action would emphasise that corruption poses a risk to effective spending in response to COVID-19, just as resources (in healthcare, and social welfare) are becoming extremely constrained. As the pandemic continues to affect more people and more countries, it is essential that, without slowing down responses, we are taking steps to conduct appropriate due diligence, and ensure transparency of government decision making - so ex-post accountability institutions (such as auditors and legislatures) can perform their roles effectively.

2. The **International Financial Institutions** can support this, by providing technical expertise (e.g. in procurement) but also by encouraging borrowing countries to ensure specific transparency provisions are in place.

3. Where possible, countries should be requesting information on the **ultimate beneficial owner of firms bidding for COVID-19-related contracts** – especially where competition has been waived or an accelerated process is being used. This information will enable basic due diligence. If made public, that information can also be easily used by other governments for validation/due diligence purposes.

4. Law enforcement agencies should be seeking to **share information** as quickly and as efficiently as possible, in order to support other countries' investigations. In certain cases faster sharing may be possible *without* using a Mutual Legal Assistance process – law enforcement agencies should consider this, and enquire informally first. The International Anti-Corruption Coordination Centre is available for support regarding intelligence and information connected to its participating members.

13. In your opinion, are there any new ways of working in the anti-corruption space which may be necessitated by the impact of COVID-19, in response to short or longer-term trends (e.g., conducting remote court hearings on corruption cases)? Please elaborate.

More people working from home and an increase in online activity has left both businesses and people vulnerable to scams and could increase the threat of workers (being overseen less directly and in contact with others) facing greater pressures to act corruptly. Linked to this there is a risk that furloughed workers and those vulnerable to unemployment, may be more vulnerable to malign influence by organised criminals and others seeking to corrupt.

Lockdown has also changed the way people conduct their lives and business, with an increase in mobile banking, e-payments and cash stockpiling as well as formal processes (including judicial processes) operating using technology. This means

criminals may adapt their methods to continue illicit activity and so new risks and crime types will emerge.

This requires new approaches focused on risks and responses associated with remote working and increased use of technology. In certain sectors a greater focus on the threat from corrupt insiders will be required. This may involve assessment of such risks, training and awareness campaigns.

14. If possible, please outline measures which could be taken in your country to prepare for and safeguard against risks during future crises in terms of the anti-corruption response.

Measures being considered include the following:

- Post-event evaluation. In order to learn lessons from the event.
- Strengthen the COVID-19 -related intelligence sharing. This is based around the work described above. The Op Etherin and Fusion Cell models have proved to be an effective strategy that can be utilized and re-purposed as necessary in future crises. Preparedness measures can be enhanced by accelerating progress in the development of a whole-system response to tackling economic crime, including closer public/private cooperation and reforms to policy and legislation, as may be necessary, to the changing nature of the threat.
- Review of powers and new legislation. This is sensible although the scope and ambition is open to question. There are dimensions relevant to the public sector (e.g. removing differences between the counter fraud powers of depts/agencies to access information and take action). This also includes access to information held by law enforcement.
- Fraudsters have built experience now and therefore we need to maintain a state of readiness. By undertaking continued evaluation of processes and procedures to ensure effectiveness, the risk of corruption can be mitigated.

15. If possible, from your own perspective, are there any areas of overlap between the ACWG priorities in 2020 and the response to the COVID-19 crisis, or other future crises which you would like to highlight? For example, has ICT been used to enforce anti-corruption controls during the pandemic? Would you consider including mechanisms for emergency responses in your national anti-corruption strategy, if your country has one? Please elaborate.

ICT has been used extensively to support cross-agency remote working and facilitate the exchange of information during lockdown to continue to detect, report and investigate fraud and corruption.

# USA

## Questionnaire for the members of the G20 ACWG

### A. Corruption Risks during the COVID-19 Pandemic

1. Has your government assessed domestic or transnational corruption risks arising during the COVID-19 pandemic, either through a formal risk assessment or other informal means? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents such as anti-corruption plans to mitigate corruption risks arising in connection with the COVID-19 crisis).

Since the start of the COVID-19 pandemic, the U.S. government has conducted and publicly released numerous reports assessing challenges that may impact the effectiveness of the government's response. Among the challenges identified in these assessments is the increased risk for fraud, waste, and abuse. Many of these reports are publicly available on the website of the newly established Pandemic Response Accountability Committee (PRAC), an independent oversight committee within the U.S. Council of the Inspectors General on Integrity and Efficiency.<sup>2</sup> Below is an illustrative sample of some of the reports released that touch on the topic of preventing and combatting waste, abuse, and fraud during the pandemic response.

*Top Challenges Facing Federal Agencies: COVID-19 Emergency Relief and Response Efforts<sup>3</sup>*

This report was drafted by the PRAC. It consolidates and provides insight into the most frequently reported challenges for the agencies involved in implementing programs under the Coronavirus Preparedness and Response Supplemental Appropriations Act, Families First Coronavirus Response Act, Coronavirus Aid, Relief, and Economic Security Act (CARES) Act, and Paycheck Protection Program (PPP) and Health Care Enhancement Act. Based on the PRAC's review of submissions by 37 Offices of Inspectors General (OIGs) overseeing agencies involved in the pandemic response, the report reflects a wide range of challenges, including many related to specific agency programs as well as areas of common concern among agencies of different sizes and with disparate agency missions. Among these common areas are challenges related to the financial management of CARES Act and other funds, and grant management. On the topic of financial management, many OIGs noted that key areas of concern include both the need for accurate information concerning pandemic-related spending and the significant amount of money federal agencies may lose as the result of improper payments. Several OIGs also identified grant management as a separate performance and management challenge for their agencies even before the pandemic, citing the increasing number, size, and complexity of grants. According to these OIGs,

<sup>2</sup> <https://pandemic.oversight.gov/>

<sup>3</sup> Available at: <https://www.oversight.gov/report/prac/top-challenges-facing-federal-agencies-covid-19-emergency-relief-and-response-efforts>

these factors make it more difficult for agencies to ensure grantees use funds solely for authorized purposes and to maintain documentation to support their spending, as well as to measure grant performance.

*COVID-19 Expenditures — Lessons Learned Regarding Awareness of Potential Fraud, Waste, and Abuse Risk<sup>4</sup>*

In this memorandum to the Secretary of Defense, the Defense Department's OIG notes the Department must move quickly to use the COVID-19 response funds while also avoiding fraud, waste, and abuse. The memo notes fraudsters have already begun targeting these funds, and Defense Department personnel need to be on the lookout for fraud and waste and be proactive in their efforts to thwart these activities before they occur. The document provides best practices and lessons learned that were identified during previous oversight work. It recommends the Defense Department should seek to focus on, among other things, contractor vetting, oversight and surveillance, and financial management. For example, the report stresses contracting officials should maintain complete, consistent, and accurate contract files and accounting records to reduce the potential for improper use of CARES Act funding and violations of the Anti-deficiency Act and to minimize the number of problem disbursements.

In addition, the Government Accountability Office (GAO), which as the U.S. Supreme Audit Institution, provides Congress and federal agencies with objective, reliable information to help the government work more efficiently, is issuing a series of reports related to the federal government's response to the COVID-19 pandemic.<sup>5</sup>

For example,

*GAO: COVID-19: Opportunities to Improve Federal Response and Recovery Efforts<sup>6</sup>*

Among the report's many findings, GAO noted the increased risk of fraud due to the large number of payments U.S. agencies are processing. Recognizing these challenges, GAO reaffirmed the importance of establishing transparency and accountability mechanisms early on to provide greater safeguards and reasonable assurance that federal funds reach the intended people, are used for the intended purposes, help ensure program integrity, and address fraud risks. GAO also provided several recommendations for agencies to consider in addressing these challenges. One such recommendation was for the Administrator of the Small Business Administration (SBA) to develop and implement plans to identify and respond to risks in the Paycheck Protection Program to ensure program integrity, achieve program effectiveness, and address potential fraud, including in loans of \$2 million or less. One of the report's appendices discusses fraud risk management in the context of the pandemic, highlighting emergency-related considerations and adjustments.

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<sup>4</sup> Available at: <https://www.oversight.gov/report/dod/covid-19-expenditures-%E2%80%94-lessons-learned-regarding-awareness-potential-fraud-waste-and>)

<sup>5</sup> Available at [https://www.gao.gov/coronavirus/newest\\_covid-related\\_reports](https://www.gao.gov/coronavirus/newest_covid-related_reports)

<sup>6</sup> Available at: <https://www.gao.gov/products/gao-20-625>

2. Has your government undertaken any previous corruption risk assessment which is relevant to activities being conducted, or risks present in the current pandemic situation or other emergency scenarios (e.g. an assessment of corruption risks in the healthcare sector which existed beforehand, assessment on emergency procurement processes, etc.)? If yes, please provide a summary of this assessment, or key findings (your answer may include websites or sharing relevant documents).

The United States has conducted a number of assessments on topics that are relevant to preventing corruption, fraud, and financial crimes in the pandemic response. For example, disaster-relief and other emergency projects can create opportunities for vendors to violate the antitrust laws by conspiring to fix prices, rig bids, or allocate markets. In the context of emergency disaster relief, the U.S. Department of Justice has published a resource entitled *Preventing and Detecting Bid Rigging, Price Fixing, and Market Allocation in Post-Disaster Rebuilding Projects: an Antitrust Primer for Agents and Procurement Officials*. The [primer](#) contains an overview of the federal antitrust laws and the penalties that may be imposed for their violation. It describes the most common antitrust violations and outlines those conditions and events that may indicate anticompetitive collusion so that officials might better identify and investigate suspicious activity.

Building off prior investigations of antitrust crimes affecting public funds and government victims, in November 2019, the Department launched a Strike Force focused on collusion affecting public procurement.<sup>7</sup> The Procurement Collusion Strike Force (PCSF) is an interagency partnership of law enforcement personnel and prosecutors from the Antitrust Division and 13 U.S. Attorneys' Offices leading the national fight against criminal antitrust violations and other crimes affecting public procurement. The problem the PCSF seeks to address is a real one, which is particularly acute amid emergency procurement. According to the Organization for Economic Cooperation and Development (OECD), eliminating bid rigging could help reduce procurement costs by 20% or more.<sup>8</sup> To address that problem, the PCSF has two core objectives. The first is to deter and prevent antitrust and related crimes on the front end of the procurement process through outreach and training. The second objective is to effectively detect, investigate, and prosecute crimes that do occur through better coordination and partnership in the law enforcement and inspector general communities. The DOJ introduced the PCSF model to the global law enforcement community at the virtual meeting of the OECD this spring and looks forward to continue sharing lessons learned from the PCSF and best practices with enforcers worldwide.<sup>9</sup>

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<sup>7</sup> Press Release, U.S. Dep't of Justice, *Justice Dep't Announces Procurement Collusion Strike Force: a Coordinated National Response to Combat Antitrust Crimes and Related Schemes in Government Procurement, Grant and Program Funding* (Nov. 5, 2019), available at: <https://www.justice.gov/opa/pr/justice-department-announces-procurement-collusion-strike-force-coordinated-national-response>.

<sup>8</sup> See, e.g., DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS, ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT, EX OFFICIO CARTEL INVESTIGATIONS AND THE USE OF SCREENS TO DETECT CARTELS, at 212 (2013), <http://www.oecd.org/daf/competition/exofficio-cartel-investigation-2013.pdf>.

<sup>9</sup> Press Release, U.S. Dep't of Justice, *Assistant Att'y Gen Makan Delrahim Presents Procurement Collusion Strike Force to The International Competition Community* (June 16, 2020), available at: <https://www.justice.gov/opa/pr/assistant-attorney-general-makan-delrahim-presents-procurement-collusion-strike-force> ("We hope the Strike Force can serve as a

The FBI has produced numerous threat assessment and public service announcements since the pandemic's inception. For example, the FBI has posted the following assessments on their [www.fbi.gov](http://www.fbi.gov) website, in addition to numerous local and national press release and appearances: *Staying Safe During the Pandemic; FBI Warns of Money Mule Schemes Exploiting the COVID-19 Pandemic; FBI Warns Healthcare Professionals of Increased Potential for Fraudulent Sales of COVID-19-Related Medical Equipment; FBI Warns of Potential Fraud in Antibody Testing for COVID-19; FBI Warns of Advance Fee and BEC Schemes Related to Procurement of PPE and Other Supplies During COVID-19 Pandemic; Protect Your Wallet – and Your Health – from Pandemic Scammers; and FBI Sees Spike in Fraudulent Unemployment Insurance Claims Filed Using Stolen Identities.*

Additionally, in 2015, GAO released *A Framework for Managing Fraud Risks in Federal Programs*.<sup>10</sup> GAO's Framework provides a comprehensive set of leading practices for federal agency managers to develop or enhance efforts to combat fraud in a strategic, risk-based manner. The leading practices of the Framework are also required to have been incorporated into Office of Management and Budget guidelines and agency controls under the Fraud Reduction and Data Analytics Act of 2015 and its successor provisions in the Payment Integrity Information Act of 2019. Since the issuance of the Framework, GAO has issued a number of reports in which it assessed the extent to which federal programs are adhering to the leading practices for fraud risk management.<sup>11</sup> Beyond those reports that applied the Framework to specific programs, GAO has issued numerous other reports examining risks in emergency scenarios based on its audit and investigative work.<sup>12</sup> Finally, every two years, GAO calls attention to agency and program areas that are high risk due to their vulnerabilities to fraud, waste, abuse, or mismanagement or are in need to transformation.<sup>13</sup> There are 35 areas on the high risk list currently.

3. Please outline the top 3–5 corruption risks your country has identified (both short and longer term) arising in connection with the COVID-19 crisis. Where possible, please indicate whether these risks were present and/or high prior to the onset of the pandemic. When outlining risks, you may consider the following (non-exhaustive) list:

- Corruption and fraud risks in public procurement of medicines, medical supplies, or any related goods or services (this may include price gouging, bribery, self-dealing, antitrust violations, and any other risks occurring specifically as a result of public

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model for other countries looking for innovative ways to more effectively fight bid rigging and other anticompetitive schemes that impact public procurement, and cheat taxpayers, all over the world.”).

<sup>10</sup> Available at: <https://www.gao.gov/products/GAO-15-593SP>.

<sup>11</sup> See for example *Medicare and Medicaid: CMS Needs to Fully Align Its Antifraud Efforts with the Fraud Risk Framework*, GAO-18-88; *Low-Income Housing Tax Credit: Improved Data and Oversight Would Strengthen Cost Assessment and Fraud Risk Management* GAO-18-637; *Supplemental Nutrition Assistance Program: Disseminating Information on Successful Use of Data Analytics Could Help States Manage Fraud Risks*

*GAO-19-115*; and *Identity Theft: IRS Needs to Better Assess the Risks of Refund Fraud on Business-Related Returns* GAO-20-174.

<sup>12</sup> See for example *Hurricane Sandy: FEMA Has Improved Disaster Aid Verification but Could Act to Further Limit Improper Assistance* GAO-15-15 and *2017 Hurricanes and Wildfires: Initial Observations on the Federal Response and Key Recovery Challenges*, GAO-18-472.

<sup>13</sup> See <https://www.gao.gov/highrisk/overview>.

procurement rules allowing for expedited delivery of goods/services during the pandemic).

- 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).
- 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.
- Misdirection or exploitation of government funds or other assets (e.g., PPE, ventilation equipment).
- Fraudulent billing to the government or insurance companies for the provision of healthcare services.
- Undue influence and conflicts of interest in healthcare provision and regulation (including drug development and market entry), policy-setting, and evaluation.
- Provision of counterfeit medical supplies and / or medication.
- 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.
- Increases in COVID-19-related cyber-criminal fraud.
- Impeded anti-corruption enforcement actions due to the COVID-19 crisis.
- Impeded provision of international cooperation (e.g., mutual legal assistance and extradition) due to the COVID-19 crisis.
- Exploiting the disbursement of national economic relief/rescue/stimulus packages, including:
  - Officials soliciting bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Officials being offered, promised, or given bribes to influence the disbursement of stimulus or relief funds to specific businesses or individuals.
  - Sexploitation (including sexual exploitation and sextortion) and abuse of vulnerable or marginalized communities in exchange for financial or in-kind support as part of economic/social support services.
  - Schemes such as creating false or non-existent beneficiaries to embezzle/launder stimulus / relief funds.
- Exploiting international financial aid related to COVID-19 or other types of support.
- Barriers to delivering technical assistance, mentoring, and training due to physical distancing requirements in the current environment.
- 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.

U.S. law enforcement has seen an increase in several different fraud schemes associated with the COVID-19 response. For example, as of May 28, 2020, the Federal Bureau of Investigation's (FBI) Internet Crime Complaint Center (IC3) received nearly

the same amount of complaints in 2020 (about 320,000) as they had for the entirety of 2019 (about 400,000). Approximately 75% of these complaints are frauds and swindles, presenting a challenge for the FBI's criminal program given the sheer volume of submissions. In addition, the Department of Justice's National Center for Disaster Fraud (NCDF) serves as the reference point for all fraud-related complaints related to COVID-19. As of July 20, 2020, NCDF has received approximately 53,902 contacts, most of which were addressed and referred by the hotline's automated phone system to various resources, including IC3. Among those contacts, NCDF has taken in approximately 10,233 complaints, which have been submitted by email, through an online complaint form, or after a phone conversation with an operator at the Center.

The FBI has noted a spike in fraudulent unemployment insurance claims complaints related to the ongoing COVID-19 pandemic involving the use of stolen personally identifiable information (PII). According to the FBI, the criminals obtain the stolen identity using a variety of techniques, including the online purchase of stolen PII, previous data breaches, computer intrusions, cold-calling victims while using impersonation scams, email phishing schemes, physical theft of data from individuals or third parties, and from public websites and social media accounts, among other methods.

The FBI has also noted it expects to see a rise in scams involving cryptocurrency related to the COVID-19 pandemic. In a public release, the FBI noted that fraudsters are leveraging increased fear and uncertainty during the COVID-19 pandemic to steal money and launder it through the complex cryptocurrency ecosystem. Developments in cryptocurrency technology and an increasing number of businesses accepting it as payment have driven the growing popularity and accessibility of cryptocurrency, and many traditional financial crimes and money laundering schemes are now orchestrated via cryptocurrencies. The FBI has advised the public to be on the lookout for cryptocurrency fraud schemes related to COVID-19. These include blackmail attempts, work from home scams, and scams involving payment for non-existent treatments or equipment.

The FBI has also warned of emerging healthcare fraud schemes related to COVID-19 pandemic. Criminals are selling fake COVID-19 test kits and unapproved treatments through telemarketing calls, social media platforms, and door-to-door visits. Many scammers are promising free care to patients in order to gain access to their personal and health insurance information, including their dates of birth, Social Security numbers, and financial data.

U.S. law enforcement has also seen fraudsters increasingly target individuals through "work from home" opportunities or dating websites to use as "money mules". Criminals who obtain money illegally need to find a way to move and hide the illicit funds. They frequently scam other people, known as "money mules", into moving this illicit money for them. These "money mules" are asked to receive funds in their personal bank account and then "process" or "transfer" funds via wire transfer, ACH, mail, or money service businesses, such as Western Union or MoneyGram. Acting as a "money mule"—allowing others to use one's bank account or conducting financial transactions on behalf of others—not only jeopardizes the "money mule's" financial

security and compromises their PII, but is also a crime. Over the last several years, the FBI has dedicated significant resources to educating the public on common red flags suggesting they may be acting as a “money mule”, and has continued to reinforce this messaging to address the rise of COVID-19-related money mule schemes. The FBI encourages individuals to protect themselves by refusing to send or receive money on behalf of individuals and businesses for which they are not personally or professionally responsible, and to watch out for online job postings and emails from individuals promising easy money for little to no effort.

4. If possible, please provide examples of detected or suspected instances of domestic or transnational corruption or fraud, in line with the key risk areas mentioned in question 3. Please include a summary of the detected or suspected act, and how it was detected. Where such information is sensitive, please provide examples of the type of incident which has occurred.

Below are several examples of the type of fraud cases U.S. law enforcement is investigating and prosecuting<sup>14</sup>:

In early August 2020, five individuals were charged in an indictment with fraudulently obtaining more than \$4 million in PPP loans and using those funds, in part, to purchase luxury vehicles. Authorities have seized a Range Rover worth approximately \$125,000, jewelry, over \$120,000 in cash, and over \$3 million from 10 bank accounts at the time of arrest. Four of the individuals were charged with conspiracy to commit bank and wire fraud, bank fraud, wire fraud, false statements to a financial institution, and money laundering; the fifth was charged with money laundering. The indictment alleges that four of the individuals submitted, or assisted in the submission of, PPP loan applications on behalf of five businesses, seeking loans of approximately \$800,000 for each company. They also caused to be submitted fraudulent loan applications that made numerous false and misleading statements about the companies’ number of employees and payroll expenses. The financial institutions approved and funded over \$4 million in loans. The PPP allows qualifying small businesses and other organizations to receive loans with a maturity of two years and an interest rate of one percent. Businesses must use PPP loan proceeds for payroll costs, interest on mortgages, rent and utilities. The PPP allows the interest and principal to be forgiven if businesses spend the proceeds on these expenses within a set time period and use at least a certain percentage of the loan towards payroll expenses.

In early July 2020, a man was arrested on allegations that he fraudulently sought several PPP loans, and that he participated in a scheme to defraud the federal health insurance program, Medicare, of at least \$5.6 million. The defendant was charged by criminal complaint, which alleges that he submitted several fraudulent PPP loan applications to federally insured financial institutions, other SBA-approved lenders, and the SBA. The complaint alleges that to support the fraudulent PPP loan applications the individual submitted fake tax documents and

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<sup>14</sup> Additional press releases on COVID-19-related prosecutions can be found on DOJ’s website: <https://www.justice.gov/news>

doctored profit and loss statements. The individual succeeded in fraudulently obtaining over \$22,000 in PPP loan proceeds, and shortly thereafter, made payments, or caused payments to be made, to a company suspected of furthering the Medicare fraud scheme, and directed approximately \$12,000 of the PPP loan money to a personal account under his control.<sup>15</sup>

In mid-July 2020, an individual was taken into custody on allegations he fraudulently obtained more than \$1.1 million in PPP loans. He was charged with making false statements to a financial institution, wire fraud, bank fraud, and engaging in unlawful monetary transactions. The criminal complaint filed alleges the accused submitted two fraudulent PPP loan applications to federally insured banks. The individual allegedly claimed these two companies had numerous employees and hundreds of thousands of dollars in payroll expenses, although according to the complaint neither business has employees or pays wages consistent with the amounts claimed in the PPP loan applications.<sup>16</sup>

In mid-June 2020, two foreign nationals were arrested and charged in connection with defrauding victims using various online scams during the COVID-19 pandemic. According to the criminal complaint, the individuals participated in a series of romance, pandemic unemployment insurance, and other online scams designed to defraud victims by convincing them to send money to accounts controlled by the defendants. To carry out the scams, the defendants allegedly used false foreign passports in the names of others, but with their photos, to open numerous bank accounts, and in turn directed the victims to send money to these accounts. The defendants then rapidly withdrew the victims' money from various bank branches and ATMs, often multiple times during a single day. It is alleged that the schemes included collecting unemployment insurance in the name of others during the COVID-19 pandemic.<sup>17</sup>

5. Are any longer-term trends in corruption risks beginning to emerge as a result of COVID-19 in your country that will need a new or improved anti-corruption approach in the future? Please elaborate on these trends, and the new or improved anti-corruption approach if possible.

The CARES Act authorized over \$2 trillion in spending, over \$500 billion more than the combined estimated government spending for TARP, ARRA, and Hurricane Katrina (TARP: \$475 billion dollars; ARRA: \$831 billion; and Hurricane Katrina: \$120 billion). CARES Act funds are vulnerable for fraud or misuse in the unemployment insurance system, including the new CARES Act unemployment insurance programs. Employer fraud may include certain actions to avoid tax liability or establishing a fictitious employer account to enable fraudulent claims against that account. Claimant fraud may include knowingly submitting false information, knowingly continuing to collect benefits when ineligible, certifying for benefits under state law while not being able

<sup>15</sup> <https://www.justice.gov/opa/pr/florida-man-charged-covid-relief-fraud-and-health-care-fraud>

<sup>16</sup> <https://www.justice.gov/opa/pr/texas-man-charged-covid-relief-fraud-0>

<sup>17</sup> <https://www.justice.gov/usao-ma/pr/two-nigerian-nationals-charged-defrauding-victims-using-online-scams>

and available to work, or intentionally collecting full benefits while not reporting wages or income. Additionally, identity theft may result in unemployment insurance fraud that is neither the fault of the employer nor the identity theft victim.

The increase in COVID-19-related crimes, such as fraud, cybercrime, misdirection or exploitation of government funds or international financial assistance, created new sources of proceeds for illicit actors. Measures to contain COVID-19 impact the criminal economy and changed criminal behavior so that profit-driven criminals may move to other forms of illegal conduct. The COVID-19 pandemic affected the U.S. government's and private sectors' abilities to implement AML/CFT obligations from supervision, regulation and policy reform to suspicious transaction reporting and international cooperation. These threats and vulnerabilities represent emerging money laundering and terrorist financing risks.

The FBI expects a potential resurgence of COVID-19 will be exploited by criminals through price gouging, hoarding, and non-delivery of PPE and medical supplies. The FBI assumes criminals will continue to engage in illegal hoarding of COVID-19 medical supplies to negotiate prices above market value and make substantial profits.

Timeframes for manufacturers to reach targeting production levels and achieve enough stockpiles extends beyond the next six months. The long-term impact of the COVID-19 pandemic may be particularly significant in the area of economic and financial crime. Previous economic crises have resulted in an increase in the number of incidents related to bank and loan fraud, money laundering, and corruption.

Regarding money laundering and its impact on COVID-related fraud, cash has long been the preferred payment medium to launder the proceeds of illegal activity.

Criminals may attempt to exploit the situation by acquiring cash-intensive businesses to launder funds. However, as the importance of cash as a payment medium and the availability of cash-intensive businesses diminishes, money launderers may also look to other options to launder money. The real estate and construction sectors will become even more attractive for money laundering both in terms of investment and as a justification for the movement of funds. In addition, criminals will continue to abuse financial markets to layer and integrate criminal proceeds. Investment in artworks may also be attractive due to the absence of fixed prices. Criminals will likely intensify their use of shell companies and companies based in offshore jurisdictions with weak AML policies at the placement stage to receive cash deposits that are later transferred to other jurisdictions or are used at the later integration stage to purchase real estate. Companies involved in the importation and exportation of goods may be increasingly used for the virtual importation of goods using fraudulent documents. Extensive cooperation with specialists in the legal and financial sectors underpins money laundering activity, often involving investment firms and money service businesses.

Other related fraud can also include provision of medical services. For example, when used correctly, telemedicine seeks to improve a patient's health by permitting two-way, real time interactive communication between the patient, and a physician or practitioner at the distant site. Prior to the Public Health Emergency, the U.S. federal insurance program, Medicare, covered expenses for specified telehealth encounters only if certain requirements were met. However, for the duration of the COVID-19

Public Health Emergency, certain requirements have been waived. With the relaxation in Medicare rules as they pertain to telemedicine, however, the Department of Health and Human Services expects to see an uptick in schemes involving illegal kickbacks and health care fraud. These include:

**Kickback Schemes:** Telemedicine companies pay illegal kickbacks and bribes to telemarketers and call centers in order to obtain patients. Telemedicine companies solicit illegal kickbacks and bribes from health care providers (i.e., durable medical equipment companies, pharmacies, or laboratories) to arrange for medical professionals working for the telemedicine company to refer patients to those health care providers.

**Fraud Schemes:** Telemedicine companies bill for services that are medically unnecessary and/or not provided as represented. For example, inflating the time spent with the beneficiary and/or complexity of visit in order to be paid more by Medicare.

## B. Anti-Corruption Controls during the Pandemic

6. What are the anti-corruption controls, safeguards, and measures that your government has put in place to address corruption risks identified in section (A)? Please highlight any special measures or procedures that have been introduced during the pandemic (e.g. telephone hotlines to report corruption in the allocation and disbursement of crisis response funds, an interagency cooperation taskforce among anti-corruption authorities, cooperation across international borders, ex-post facto audits of crisis related spending, publishing the beneficial ownership information of companies awarded public contracts, etc.)?

In addition to actively implementing its existing anticorruption framework, the U.S. government has put in place a number of specific measures related to the COVID-19 pandemic response. Below is an illustrative, rather than comprehensive, list of such measures.

### Pandemic Response Accountability Committee

In March 2020, the U.S. Congress passed the CARES Act and three related pieces of emergency legislation to provide approximately \$2.4 trillion in economic relief to individual citizens, loans for businesses, support for hospitals and other medical providers, and economic relief for impacted industries. In addition to the economic relief funding, the CARES Act created the PRAC. The purpose of the PRAC is to “promote transparency and conduct and support oversight” of the government’s coronavirus response to “prevent and detect fraud, waste, abuse, and mismanagement” and “mitigate major risks that cut across program and agency boundaries.” Composed of federal OIGs, the PRAC is not a stand-alone organization, but rather a Committee of the Council of the Inspectors General on Integrity and Efficiency (CIGIE), an independent entity established within the executive branch by the Inspector General Act of 1978, as amended. The CIGIE includes the 75 statutorily

created federal Inspectors General with a mission to address integrity, economy, and effectiveness issues that transcend individual government agencies.

The CARES Act specifically identifies Inspectors General from 9 agencies as members of the PRAC but provides that the CIGIE Chair may designate additional Inspectors General to serve on the Committee from any agency that receives funds or is otherwise involved in the government's response to the coronavirus pandemic. Consistent with the CARES Act, the Inspectors General serving on the Committee will continue to perform their Inspector General duties. At present, the PRAC is composed of 21 Inspectors General, including the recently created Special Inspector General for Pandemic Recovery.

On the PRAC website, members of the public can find reports, investigative press releases, and recommendations published by the individual OIGs and the PRAC. The public can also track how federal funds appropriated for pandemic response are being spent. This includes information on contract spending for pandemic relief broken down by individual states. The website also provides information on potential fraud risks, and provides a secure channel for individuals to report waste, abuse, and fraud.

#### U.S. GAO

The CARES Act also includes a provision for GAO to conduct monitoring and oversight of the use of funds made available to prepare for, respond to, and recover from the COVID-19 pandemic. GAO is to report on, among other things, the pandemic's effects on the public health, economy, and public and private institutions of the United States, including the federal government's public health and homeland security efforts. Additionally, GAO is to report on loans, loan guarantees, and other investments and to conduct a comprehensive audit and review of charges made to federal contracts pursuant to the CARES Act, among other things. The CARES Act includes a provision for GAO to submit a report to Congress within 90 days of enactment on its ongoing monitoring and oversight efforts related to the COVID-19 pandemic, with subsequent reports due every 60 days.

#### Law Enforcement COVID-19 Working Groups

On March 16, 2020, the U.S. Attorney General issued a memorandum on fraud in connection with COVID-19. Within days of this memo, the FBI established a COVID-19 Working Group comprised of representatives from all 56 FBI field offices and 500 total participants from the Department of Justice (DOJ) and FBI to combat the criminals undermining our nation during this crisis. The FBI has also formed a PPP Fraud Working Group in coordination with the DOJ's Fraud Section and the SBA OIG. Through the efforts of the FBI field offices and the PPP Working Group, nearly 100 investigations have been initiated since the inception of the program, with over \$42 million in potential fraud identified and over \$900,000 recovered. These investigations involve bank insiders, previously convicted felons, the use of dormant or cash businesses, and identity theft.

#### Reporting Systems

The United States maintains a number of systems available for whistleblowers to report, among other things, fraud and corruption. For example, the government website *Oversight.gov* provides a centralized site to help whistleblowers report fraud, waste, and abuse in Federal programs. The site not only provides information about how to report such acts, it also helps whistleblowers navigate to the appropriate reporting channel. *Oversight.gov* is complemented by other reporting channels. For example, the U.S. Office of Special Counsel (OSC), which serves as a confidential channel for disclosures by federal employees, former employees, and applicants, of fraud, waste, and abuse, and investigates claims of whistleblower retaliation against federal employees, former employees, and applicants, had previously launched an updated and more streamlined complaint form to make it even easier for reporting persons to confidentially disclose alleged wrongdoing. The user-friendly complaint form is accessible on *OSC.gov*. With respect to the coronavirus, earlier this year OSC established an internal taskforce to coordinate the quick assessment of disclosures of wrongdoing, such as those related to health and safety, and claims of retaliation by those reporting such concerns.

In addition to existing reporting channels, the United States has implemented or strengthened channels to address fraud and corruption specific to the COVID-19 pandemic. For example, the DOJ's NCDF complaint website allows individuals to submit complaints of fraud, waste, abuse, or mismanagement related to any man-made or natural disaster, to include criminal activity related to the coronavirus (COVID-19).<sup>18</sup> Individuals can also contact the NCDF telephone hotline. Similarly, individuals can report allegations of fraud, waste, and abuse associated with the federal government's response to the pandemic to GAO's FraudNet hotline, which is operated by GAO's investigative unit.<sup>19</sup>

The FBI also provides several secure reporting channels for individuals who want to report a crime. For example, individuals can use the FBI's Tip website - [tips.fbi.gov](https://tips.fbi.gov) – to report federal crimes, including those involving corruption. The website provides links to the reporting channels of other federal agencies, such as the Federal Trade Commission, the Department of Homeland Security, and the Department of the Treasury's Inspector General for Tax Administration. Individuals can also use the FBI's website - [ic3.gov](https://ic3.gov) - to report internet-based fraud. Since February 2020, [ic3.gov](https://ic3.gov) has received over 17,000 COVID-related fraud complaints. Additionally, individuals can report federal crimes to their local FBI field office.

### Fiscal Oversight

The U.S. government has also put into place new requirements to increase oversight of relief funds. For example, on July 31, 2020, the OIG of the Department of the Treasury released a memorandum entitled *Coronavirus Relief Fund Reporting Requirements Update*,<sup>20</sup> which updated previous guidance regarding the reporting requirements for recipients of Coronavirus Relief Fund payments. Specifically, the memorandum augments and clarifies the primary recipient's quarterly reporting and records retention requirements contained in the original guidance. Among the

<sup>18</sup> Available at: <https://www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form>

<sup>19</sup> See <https://www.gao.gov/about/what-gao-does/fraudnet/>

<sup>20</sup> Available at: <https://www.oversight.gov/report/toig/coronavirus-relief-fund-reporting-requirements-update>

requirements, recipients are required to list all projects the primary recipient plans to complete with Coronavirus Relief Fund payments. For each project, the primary recipient will be required to enter the project name, identification number (created by the prime recipient), description, and status of completion. Once a project is entered into the procurement portal, the primary recipient will be able to report on the project's obligations and expenditures. The OIG notes that "recipient reporting and record retention requirements are essential for the exercise of these responsibilities, including our conduct of audits and investigations" and that the Treasury OIG has authority to recover funds in the event that it is determined a recipient of a Coronavirus Relief Fund payment failed to comply with certain legal requirements.

7. Does your government have any specific legislative / governance procedures in place to allow for timely public procurement in emergency situations? If so, please describe these briefly below. If not, how is emergency public procurement during the Coronavirus pandemic taking place / how did it take place and what anti-corruption measures were adopted?

The Competition in Contracting Act of 1984, Pub. L. 98-369, Div. B, Title VII, 2701, ensures transparency and equality by requiring the use of competitive procedures in selecting products and services. Under this authority, Government agencies normally award contracts on a competitive basis using two procedures. The first process, termed "sealed bidding," involves an "invitation for bids" whereby the Government issues a written solicitation and private contractors submit bids by a uniform deadline. In the second procedure, termed "competitive negotiation," the Government issues a detailed "request for proposals" and then engages in "competitive negotiation" with selected responding companies, eventually requesting revised "best and final offers." In either case, the Government must publicly advertise the solicitation and award the contract to the source whose proposal is most advantageous to the United States based solely upon the factors specified in the solicitation.

Only in extraordinary circumstances may the Government purchase goods and services without opening the contract to competition, such as when only one source will satisfy agency requirements, where disclosure of solicitation information could compromise national security, or where there is an urgent need for expeditious procurement. However, federal law and regulation provide for a number of streamlined processes for obtaining competition. These authorities include the ability to award task and delivery order contracts to multiple awardees through full and open competition who then compete against one another for delivery orders or tasks under highly streamlined processes when requirements arise. Another authority allows agencies to transact using fewer compliance requirements under the "simplified acquisition threshold" (currently \$250,000) and to use streamlined procedures when buying commercial items up to \$7 million. In addition, agencies are allowed to make sole source purchases on the open market using government

purchase cards (credit cards) for very small transactions under \$10,000, known as “micro-purchases.”

U.S. procurement regulations do allow for flexibility for emergency acquisition.<sup>21</sup> These flexibilities allow for, *inter alia*, the waiver of full and open competition, the ability for agencies to enforce qualification requirements when an emergency exists, and solicitation from a single source. Additional flexibilities are available for emergency or major disaster declarations. President Trump declared this state of emergency on March 13, 2020 in response to the COVID-19 pandemic.

One particularly important U.S. federal agency during emergencies is the Federal Emergency Management Agency (FEMA). FEMA provides financial assistance to states, territories, tribes, local governments, nonprofits, institutions of higher education, and other non-Federal entities. All FEMA grant programs are subject to the Federal procurement standards.<sup>22</sup> States are required to follow their own procurement procedures as well as the Federal requirements for procurement of recovered materials and inclusion of required contract provisions.<sup>23</sup> For all other types of entities, often referred to as “non-state entities,” Federal regulations establish requirements for the exigency or emergency exception that permit the use of noncompetitive procurements, frequently referred to as “sole-source contracting.”

As noted above, federal regulations allow for noncompetitive procurements under certain circumstances, including when a non-state entity determines that immediate actions required to address the public exigency or emergency cannot be delayed by a competitive solicitation. This represents an exception to requirements for full and open competition. FEMA approval is not required for use of noncompetitive procurements under the emergency or exigency exception; however, the non-state entity must document its justification for using noncompetitive procurements and must still comply with other procurement requirements and ensure that costs are reasonable. When referring to procurement activity, FEMA defines both exigency and emergency as situations that demand immediate aid or action. The difference between the two is that, in the case of an exigency, there is a need to avoid, prevent, or alleviate serious harm or injury, financial or otherwise, to the non-state entity, and use of competitive procurement proposals would prevent the urgent action required to address the situation. Thus, a noncompetitive procurement may be appropriate. In the case of an emergency, a threat to life, public health or safety, or improved property requires immediate action to alleviate the threat.

Use of the public exigency or emergency exception is only permissible during the actual exigent or emergency circumstances. Exigency or emergency circumstances will vary for each incident, making it difficult to determine in advance or assign a particular time frame when noncompetitive procurements may be warranted. Exigent or emergency circumstances may exist for two days, two weeks, two months, or even longer in some cases. Non-state entities must ensure that work performed under the noncompetitively procured contracts is specifically related to the exigent or emergency circumstance in effect at the time of procurement. Importantly, because

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<sup>21</sup> See Federal Acquisition Regulation subpart 18

<sup>22</sup> See 2 C.F.R. §§ 200.317 – 200.326

<sup>23</sup> See per 2 C.F.R. §§ 200.317, 200.322, and 200.326

the exception to competitive procurement is available only while the exigent or emergency circumstances exist, non-state entities should, upon awarding a noncompetitive contract, immediately begin the process of competitively procuring similar goods and services in order to transition to the competitively procured contracts as soon as the exigent or emergency circumstances cease to exist.

It should also be noted that prior to the COVID-19 pandemic, the Department of Justice established the Procurement Collusion Strike Force (PCSF), which is an interagency partnership comprised of prosecutors from the Antitrust Division, prosecutors from 13 U.S. Attorneys' Offices, and the FBI, the Department of Defense Office of Inspector General, the U.S. Postal Service Office of Inspector General, and other partner federal Offices of Inspector General. The PCSF aims to deter, detect, investigate, and prosecute antitrust crimes and related fraudulent schemes in government procurement, grant, and program funding. Since the onset of the COVID-19 pandemic, the PCSF has taken a proactive approach to identifying criminal actors who seek to exploit the pandemic to suppress or eliminate competition for relief or recovery contracts.

8. Do any mechanisms exist in your jurisdiction which are specifically-designed to monitor procurement activity during any public emergency, including the current COVID-19 pandemic? Please elaborate.

The United States provides the public with information on all contract awards through the Federal Procurement Data System (FPDS), which is the authoritative source for federal contracts data. The Federal Acquisition Regulation requires agencies to report contract awards to the FPDS within three days of awards with exceptions for contracts awarded during an emergency and other limited cases. The Department of Defense data are delayed for 90 days due to operational considerations. When an emergency is declared, contracts issued under the emergency designation are identified using a National Interest Action (NIA) code. These data are highlighted through a report published publicly on FPDS that details all the contracts associated with the particular emergency. The public availability of these data provides opportunity for multiple stakeholders, including agency Inspectors General, Congressional oversight committees, the Government Accountability Office, non-government organizations, business groups, and others with the ability to monitor contract activity during any public emergency. In addition to the publicly available information for contracts, information is also available on grants via USASpending.gov. Users interested in more detail than are publicly available can request additional documents via a Freedom of Information Act request.

The public can find additional information on public spending on the PRAC website. The "Track the Money" feature displays federal funding provided through the CARES Act; the PPP and Health Care Enhancement Act; the Families First Coronavirus Response Act and the Coronavirus Preparedness and Response Supplemental Appropriation Act. As mentioned above, users can also use the website to review contract spending for pandemic relief broken down by state.

In addition, the CARES Act includes a provision for GAO to provide a comprehensive audit and review of federal contracting pursuant to authorities provided in the Act. The first report under this requirement was issued in July 2020.<sup>24</sup>

Finally, the U.S. Government continues to update “USA Spending.gov,” which is the official source for spending data for the federal government. The latest release of USA Spending.gov includes COVID-19 spending data. This initiative’s mission is to show the American public how much the Federal Government spends every year and where it spends their money. The data on USA Spending.gov is uploaded directly from more than a hundred Federal agencies’ financial systems, as well as several Government-wide authoritative systems. For example, contract award data is pulled into USA Spending.gov daily from FPDS. Federal agencies also submit grant, loan, direct payment, and other award data at least twice a month to be published on USA Spending.gov. Federal agencies additionally upload data from their financial systems and link it to the award data on a monthly basis for COVID-19 spending. This data must be certified by the agency’s senior accountable official before it is displayed on USA Spending.gov to ensure its accuracy.

9. How effective do you believe the domestic anti-corruption controls referenced in questions 6-8 in this section have been, and what have been the main challenges?

Many of the controls reflect what has worked effectively in past emergencies. Given the unprecedented nature of the pandemic, steps will be taken to make adjustments as necessary if challenges arise.

10. If possible, please provide an overview of how non-governmental stakeholders (e.g. civil society and the media) have supported oversight efforts to detect fraud and corruption during your country’s response to the pandemic. Are there any specific policies and practices your country has in place to facilitate these efforts?

The United States has long recognized the role that non-governmental stakeholders can play in transparency and accountability efforts. These important actors continue to play this role during the COVID-19 response, and the U.S. government continues to work to implement the legal and policy framework that allows for non-governmental oversight.<sup>25</sup> In fact, the DOJ’s Office of Information Policy (OIP) has been providing advice to agencies that focuses on finding workable solutions within current workforce policies to maximize the efficiency and effectiveness of FOIA programs. The FOIA program allows members of the public to request certain public information related to the U.S. COVID-19 response.

The DOJ has publicly stated that, even as agencies are working under new constraints in light of COVID-19, agencies’ legal obligations under the FOIA continue.<sup>26</sup> The law remains an important tool for the public to gain access to government information to

<sup>24</sup> Available at: <https://www.gao.gov/products/GAO-20-632>.

<sup>25</sup> Codified at 5 U.S.C. § 552 (2018).

<sup>26</sup> Available at <https://www.justice.gov/oip/guidance-agency-foia-administration-light-covid-19-impacts>.

stay informed about government activities. Accordingly, as a general matter, to the extent feasible DOJ/OIP has encouraged agencies to work to ensure that their FOIA operations continue in compliance with the FOIA's requirements.

All of the FOIA's statutory response timeframes continue to apply during workforce adjustments such as maximum telework or building closures. DOJ/OIP has advised that agencies should do their best to timely acknowledge requests and appeals, notify requesters of any unusual circumstances, and make timely determinations on requests for expedited processing. Untimely action in acknowledging requests/appeals or making expedited processing determinations can result in increased delays for FOIA requesters and an increase in litigation for agencies handling those requests. Timely responses to FOIA requests are particularly important in the context of the COVID-19 emergency given the fluidity of the situation and the very strong public interest in receiving current, up-to-date information regarding the government's response to the pandemic. In addition, DOJ/OIP has long encouraged proactive disclosures beyond the requirements of the statute, consistent with other applicable laws and policies, and has emphasized the importance of posting records in ways and formats that would be most useful to the public. Over the past ten years, DOJ/OIP has focused on the increased use of technology to assist agencies in managing their FOIA requests. Agencies have made advancements in their use of more automated FOIA case management systems, new online portals, and advanced review and processing tools.

In April 2020, DOJ/OIP held a best practices workshop featuring the Chief FOIA Officers Council Technology Committee; many best practices were shared at the workshop, including lessons learned from the COVID-19 emergency. A recap of this event and the best practices shared can be found on the Best Practices page of DOJ/OIP's website.<sup>27</sup> Agencies that have questions about the technological solutions other agencies are using or that might be available to benefit their programs can contact DOJ/OIP or the Chief FOIA Officers Council Technology Committee.

The financial services sector has also been active in working with law enforcement to detect, investigate and disrupt criminal actors using the U.S. financial system to defraud CARES Act funds, and to launder the proceeds of ill-gotten gains. The DOJ's Procurement Collusion Strike Force is structured to leverage non-governmental actors. In addition to training and working with governmental actors, on the "sell" side of the equation, it conducts outreach to government contractors, their trade associations, and public contract lawyers in order to educate them about criminal antitrust violations and associated penalties.

11. Considering your responses to questions 6-10 of this section, which of such measures and processes would you consider good practices to be shared with the G20 ACWG?

The United States would present the model of the PRAC as a best practice. By relying on pre-existing bodies and expertise, rather than creating a new stand-alone organization, the PRAC was able to begin fulfilling its responsibilities immediately. The

<sup>27</sup> Available at <https://www.justice.gov/oip/best-practices-workshop-series>

participating OIGs in the PRAC already had the necessary legal provisions in place to conduct oversight of the relevant COVID-19 response activities their respective agencies were conducting. Additionally, the existing OIGs were already intimately aware of the specific challenges facing their respective agencies, allowing them to quickly assess and respond to risks of fraud, waste, and abuse. Finally, the PRAC model is useful for countries with a decentralized anticorruption framework, when it could be difficult to establish a centralized oversight body.

The COVID-19 Contract Obligation Tracking Dashboard is another good practice. This publicly available resource allows any member of the public the ability to understand how agencies are spending a large portion of federal funds. This information can be used for oversight purposes. It also can also help build public trust and confidence in how the government is responding to the crisis.

Finally, the United States believes the continued commitment to access to information is a critical good practice for all countries to follow during the pandemic. The FOIA is a central component of the U.S. commitment to open government. It can be tempting for some governments to de-prioritize these types of laws during the pandemic because of competing priorities. The United States, however, continues to ensure the public has access to covered government information, including how the government is responding to the COVID-19 pandemic.

12. In your opinion, how can the G20 countries work collectively to address corruption risks arising in connection with the COVID-19 crisis, both with respect to national efforts and international collaboration?

First and foremost, all G20 countries should follow through on their existing international anticorruption obligations. This includes criminalizing all of the corruption offenses obligated under the UNCAC. In this regard, G20 should continue to press each other to follow through on these obligations, and where possible, provide assistance in doing so.

G20 countries should also continue to share lessons learned and good practices based on their experiences preventing and combating corruption during the COVID-19 pandemic. This could include organizing special sessions during the ACWG meetings for practitioners working on these issues. Such sessions are easier to organize now that many G20 meetings are being held virtually, thereby facilitating great participation from practitioners.

Finally, the G20 should continue to recognize and elevate the work of non-government stakeholders. For example, the Open Government Partnership – a group of government leaders and civil society advocates that seeks to foster accountable, responsive, and inclusive governance – (OGP) is promoting government transparency during the pandemic through the “Open Response + Open Recovery” campaign. As part of this campaign, OGP compiled the Guide on Open Government and Coronavirus, a resource that provides recommendations regarding how governments can improve their response to the COVID-19 pandemic through short and long-term reforms that promote government transparency and build societal resilience to future crises. International non-governmental organizations, such as the Open Contracting

Partnership, are similarly advocating for anticorruption measures that will help prevent or expose corruption that will impact the effectiveness of government responses. The G20 should use its convening power to highlight this work.

The G20 need to engage in greater investment in technology, cyber tools, and training to prevent and combat the surge in illicit COVID-related activity.

13. In your opinion, are there any new ways of working in the anti-corruption space which may be necessitated by the impact of COVID-19, in response to short or longer-term trends (e.g., conducting remote court hearings on corruption cases)? Please elaborate.

Ensuring that there is an appropriate technological infrastructure in place to provide for uninterrupted investigations of corrupt activity is beneficial. This may include ensuring that investigative teams have appropriate equipment to conduct interviews remotely and securely collaborate with other members of the investigative team, including prosecution offices. This may also include providing the resources necessary, e.g., personal protective equipment, to permit personnel to safely conduct investigative operations.

Well before the global spread of COVID-19, the United States encouraged the electronic transmission, via e-mail, of mutual legal assistance (MLA) requests and responsive materials maintained electronically (e.g., business and bank records), but a number of our foreign partners insisted on sending MLA requests, as well as receiving all responses, in paper. Now, during the COVID-19 crisis, with limited in-office staffing and other restrictions, we believe certain foreign partners have recognized the great value in cooperating to the fullest extent possible via e-mail. Because the United States had systems and procedures in place for electronic handling of requests, we were well prepared to transition to telework status. As cooperation continues in this new environment, we hope to advance with our foreign partners to securely make full use of 21st Century digital technology in MLA in a manner that will enhance MLA practice beyond the COVID-19 pandemic.

In addition, the United States has worked with several foreign partners to accept, on a reciprocal basis, electronic signatures on certifications for extraditions and on MLA requests. This has enabled much more efficiency, while so many people are working from home, in preparing and transmitting extradition packages and MLAT requests.

Finally, although DOJ is not currently conducting many in-person interviews in corruption investigations, DOJ is conducting interviews via secure videoconference systems where possible. DOJ prosecutors are still able to upload document productions onto DOJ's document review system, review documents, and take other investigative steps, including those that require court approval. The FinCen Egmont requests system is fully functioning, as is DOJ's ability to subpoena records and obtain search warrants. DOJ prosecutors are able to conduct remote court hearings where feasible, and some grand juries are meeting in person. However, the use of remote court activities, to include grand juries, are necessary during COVID-19. DOJ prosecutors are continuing to liaise with foreign counterparts via telephone and videoconference.

14. If possible, please outline measures which could be taken in your country to prepare for and safeguard against risks during future crises in terms of the anti-corruption response.

Continued consideration and evaluation of measures, examples of which are outlined in the Department of Justice's COVID-19 Response found at <https://www.justice.gov/coronavirus/DOJresponse>, will be quite useful in long term emergency planning.

The implementation of GAO recommendations, as well as those from Inspectors General, designed to address vulnerabilities to fraud, waste, and abuse.

15. If possible, from your own perspective, are there any areas of overlap between the ACWG priorities in 2020 and the response to the COVID-19 crisis, or other future crises which you would like to highlight? For example, has ICT been used to enforce anti-corruption controls during the pandemic? Would you consider including mechanisms for emergency responses in your national anti-corruption strategy, if your country has one? Please elaborate.

The United States does not have anything to report.