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Fighting Corruption at a Time of Crisis

Innovation Speakers' Series in collaboration with OAI



Every innovation needs a story

iACT to fight corruption!



Fighting corruption at a time of crisis: Lessons, risks, and opportunities

Gretta Fenner
Managing Director

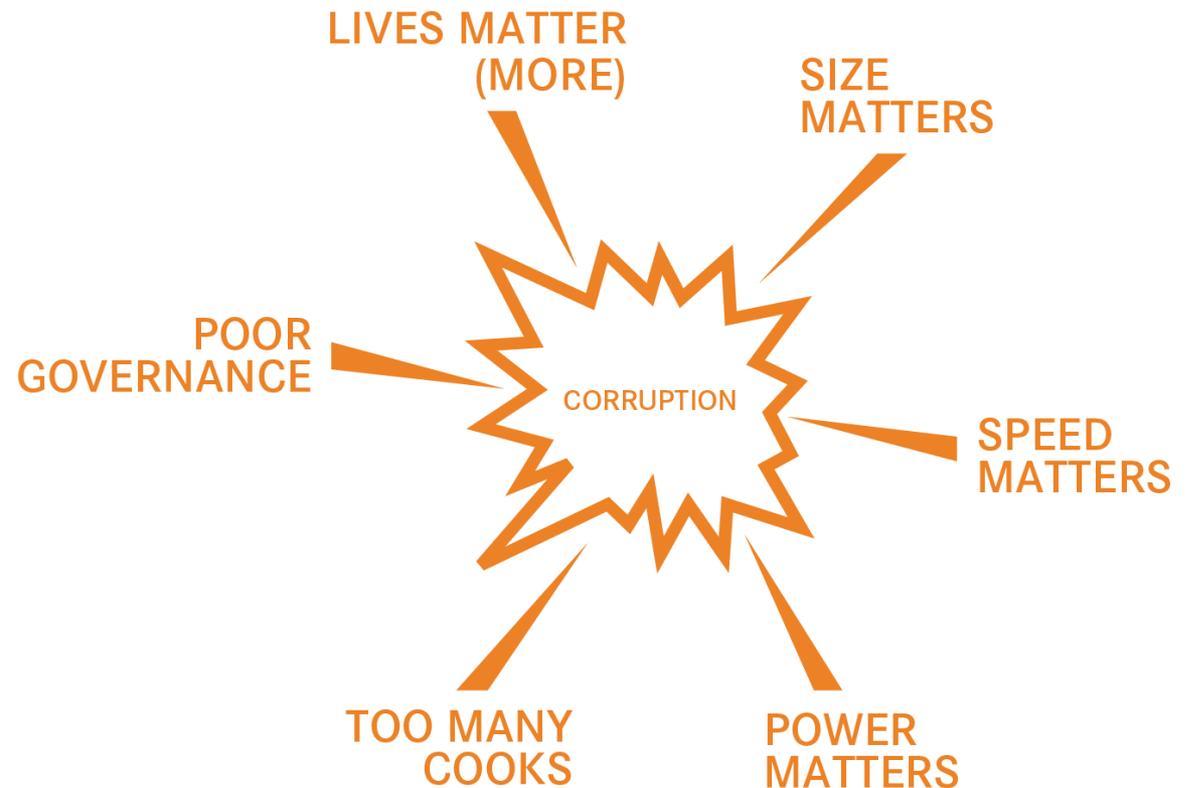
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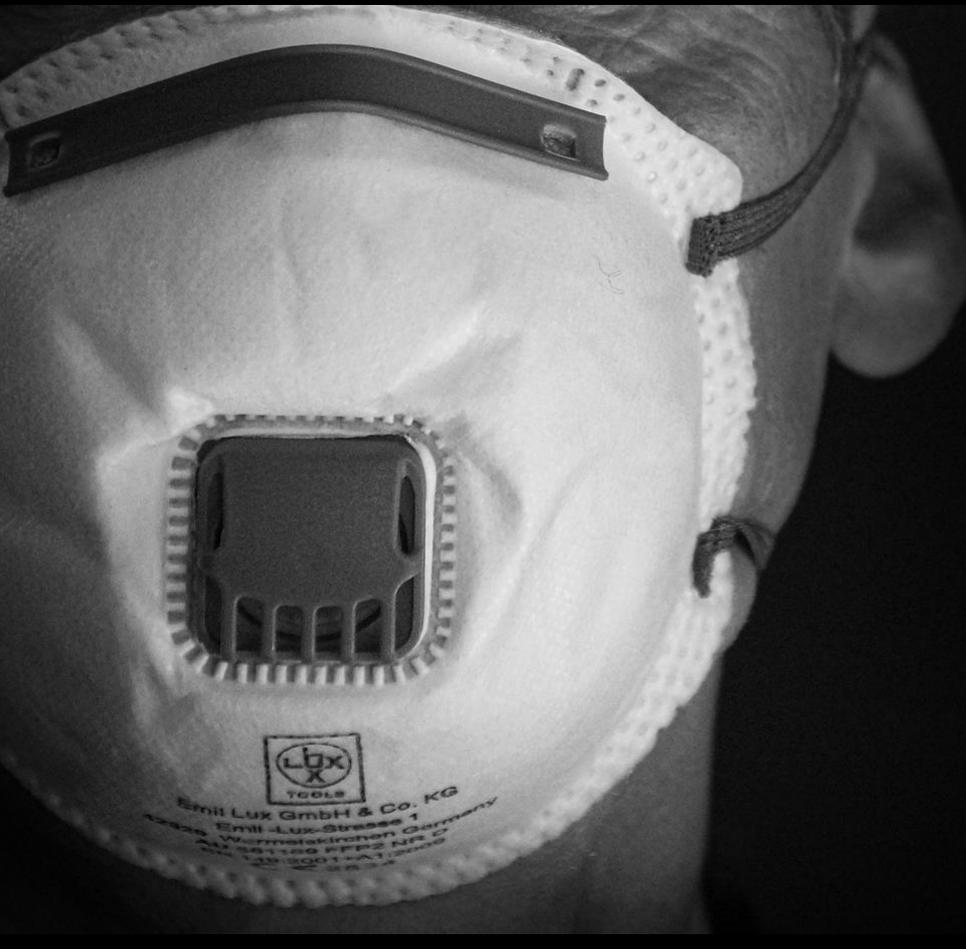
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Corruption risks in emergency relief operations: From Tsunami to COVID-19



Risk observations from around the globe

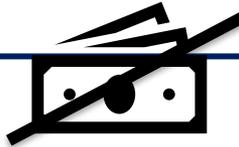


- Cash transfer
- Business recovery
- Emergency health procurement
- Loans and other aid
- Human rights violations

Risks for anticorruption actors



Lock-down impacts investigations and judicial proceedings



Further cuts to anticorruption budget allocation



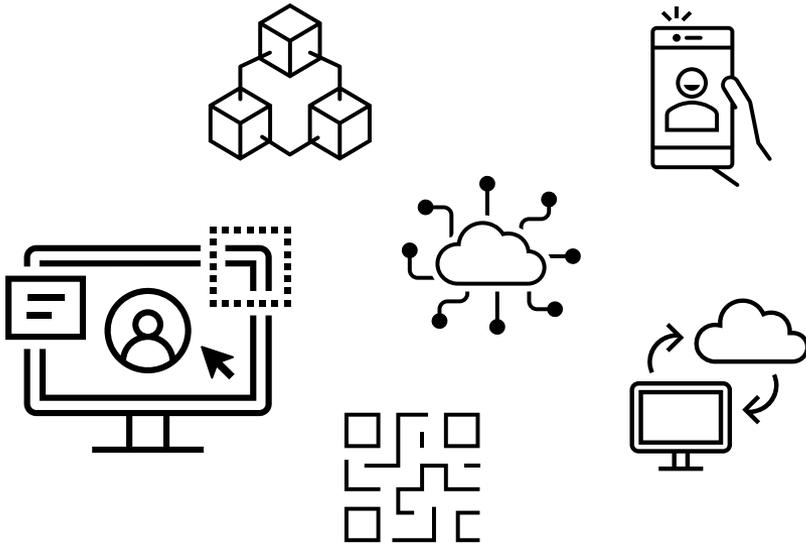
Excuse for delays in reform processes

Remedies and opportunities: COVID-19 response

- **Citizen awareness** campaign; dedicated complaints reporting mechanism
- **e-procurement**; procurement vetting protocols
- **Investment of confiscated assets for COVID-19 response**
- Citizen calls for **greater transparency**
- **Anticorruption actors** in design and monitoring, together with CSOs



Remedies and opportunities: Anticorruption actors



- Long overdue investments in technology: digital case management, secure communications, e-court hearings
- Greater use of **OSINT** (Open Source Intelligence)
- Procurement vetting
- Capacity building through e-learning
- **High-level arrests**

Free resources

- Basel AML/CFT country risk rating (Basel AML Index):

<https://index.baselgovernance.org>

- Free e-learning modules for financial investigators:

<https://learn.baselgovernance.org>

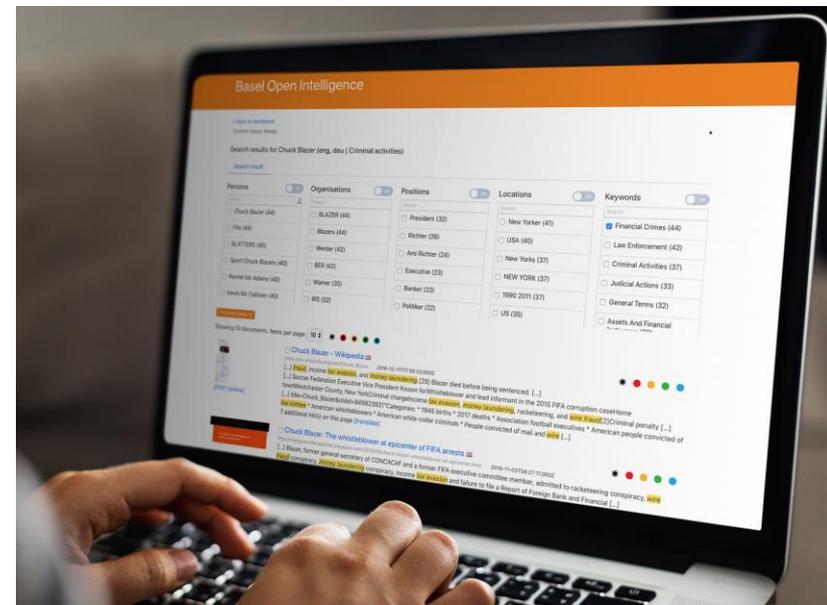
- Basel Open Intelligence: <https://boi.baselgovernance.org>

- Guidelines for Efficient Asset Recovery:

<https://guidelines.assetrecovery.org>

- CSO Guidelines for Asset Recovery:

<https://cso.assetrecovery.org>



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Philippines: Mitigating Corruption in Emergencies

Kelly Bird
*Country Director, Philippines Country Office
Asian Development Bank*

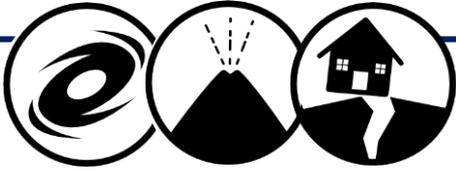
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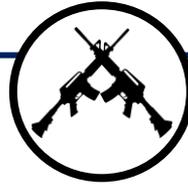


Emergencies are multidimensional



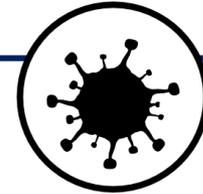
Natural calamities

- 22 typhoons a year average
\$2.6 billion annual loss
- 53 active volcanos
- 35 quakes per day average
\$860 million annual loss



Subnational conflicts

- Regional autonomy – Muslim Mindanao
- Ideology – low level communist insurgencies
- Local conflict – grievances over land, competition for resources, illicit economy, clan dynamics
- 2017 Marawi conflict



Global pandemics

COVID-19

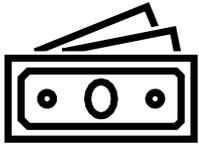
- 33,069 confirmed cases
- 1,212 deaths as of 25 June 2020
- 18% unemployment Apr 2020
5.4% unemployment Apr 2019
- Large fiscal costs associated with relief programs



Government's Disaster Risk Management Framework



- Disaster Risk Reduction and Management Act (DRRM) of 2010
 - Whole-of-government approach
 - Defines responsibilities and functions of different agencies and government layers



- Ongoing **governance reforms** improved national public financial management



- **\$3 billion** ADB support to the Philippines over 30 years



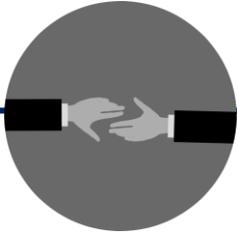
Corruption vulnerabilities in emergencies



1. **Phases** in relief and recovery cycle
2. National or local government **procurement**
3. Extent of **arms-length relationships** between the financing/disbursement unit and recipients
4. Pre-existing **local conflicts** and clan relationships



Corruption vulnerabilities in emergencies - examples

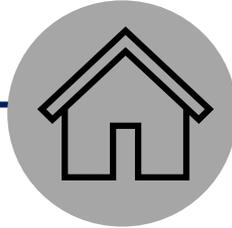


Relief Phase

Speed of critical help to surviving communities

Corruption Vulnerability

Procurement and distribution of relief goods and financial assistance



Rehabilitation Phase

Restoring public assets

Corruption Vulnerability

Procurement of smaller contracts at the local government level



Reconstruction & Recovery Phase

Construction of new public assets

Corruption Vulnerability

Procurement controls, monitoring and reporting



1 Ensure **low transaction and monitoring costs** in project design when speed of delivery is critical

2013 Yolanda \$20 million JFPR grant

- Impactful, but complex and ambitious

2020 COVID-19 \$8 million grants

- \$3 million grant for medical equipment and supplies procured and set up within 8 weeks of approval

IA – Department of Health

- ADB administered TA \$5 million for 2-week food supplies for 160,000 Metro Manila families within 8 weeks of approval

IA – Department of Social Welfare and Development, Armed Forces of the Philippines, and private sector

The Government **delegated procurement** to ADB for the medical equipment and supplies.



2013 Yolanda \$20 million JFPR grant
- Engaged Plan International

2017 Marawi Emergency Assistance Loan

\$3 million grant for school building, skills development, and livelihoods (output 4)

DPWH engaged Save the Children Philippines

2 Consider **third-party procurement agencies in challenging situations and locations**



3

Utilize arms-length distribution mechanisms

DOF's COVID-19 Small Business Wage Subsidy scheme supported by CARES Program

- Built around trust
- Digital application and distribution

DSWD's COVID emergency grants to low income families

- P200 billion for estimated 18 million families
- 4Ps infrastructure to reach 3.4 million families

4 Report progress on social media



Eligible employees of pre-qualified small businesses to receive cash subsidy under the Small Business Wage Subsidy (SBWS) Program

Government's Small Business Wage Subsidy scheme

DOF website has a link to the scheme which shows step by step process for applying online and provides real life testimonies from beneficiaries

facebook



ADB Philippines
@ADBPhilippines

ADB's TA on food supplies

ADB Philippines Facebook provided regular update on details on number of families receiving good basket by barangay

<https://www.facebook.com/ADBPhilippines>



4 Lessons Learned

1. Ensure **low transaction and monitoring costs** in project design when speed of delivery is critical
2. Consider **third-party procurement agencies** in challenging situations and locations
3. Utilize **arms-length distribution mechanisms**
4. Report progress on **social media**

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