



Session Report

Please know you may design the structure of this report to better suit the session. It's important to capture the key outcomes and solutions proposed for the future.

Session Title: Managing Corruption Related Risks in Public Spending During Emergencies: Mission (Im)Possible?

Date & Time: 9 December 2022, 3:30 pm – 5:00 pm GMT -5

Report prepared by: Alice Stevens, Project Manager, Transparency International Secretariat (TI-S)

Moderated by: Irem Roentgen, Project Manager, Transparency International Secretariat (TI-S)

Panellists:

- Grigory Mashanov - Senior Lawyer, Transparency International (TI) Russia
- Dakarayi Happy Matanga - Senior Research Officer, Transparency International (TI) Zimbabwe
- Ingrida Kalinauskienė - Interim CEO, Transparency International (TI) Lithuania and lead of TransparencySchool.org
- Special Guest: Issel Masses-Ferrer - Executive Director, Sembrando Sentido

Share the thematic focus of the session, it's purpose and corruption risks?

Session will focus on:

- Problems that COVID-19 has exacerbated in public resources spending and the solutions that civil society has developed in contextually different countries in increasing transparency and accountability during such crisis times
- Risks of abuse of public resources and power under the auspices of the fight against the pandemic
- Different ways to address the problem of identifying corruption during the

COVID-19 pandemic

- Innovation approaches to detect and better manage corruption related risks in the COVID-19 context with a view to future pandemic and public health emergency response based on TI experiences in Lithuania, Russia and Zimbabwe

Objectives:

- Advance the conversation regarding the release and use of better-quality public spending data
- Build greater attention of the public of the need to explore new ways, anti-corruption approaches and transparency tools in order to build resilient communities to future public emergencies and external threats
- Boost cooperation between different stakeholders (panel experts, other TI Chapters, participants of the session)

Summary of panellists' contributions & discussion points (please be as detailed as possible)

Irem Roentgen, Project Manager, Transparency International Secretariat (TI-S)

(introduction):

- With COVID-19, there were increased opportunities for abuse of power
- Today's session wants to provide solutions developed by civil society in light of increased public resource spending
- The session will also bring greater attention to new and innovative tools and approaches to be better prepared for public emergencies and threats

Ingrida Kalinauskienė - Interim CEO, Transparency International (TI) Lithuania and lead of TransparencySchool.org (context in Lithuania):

- Last year, public procurement accounted for 12% of the GDP
- How do we manage the corruption risks?
- "According to experts, corruption in public procurement could be costing the European Union five billion euros every year."
- Quote by Louis Brandeis, Former Associate Justice of the Supreme Court in the US said that "sunlight is said to be the best disinfectant"
- During the first wave of the pandemic, TI Lithuania gathered data on public procurement around COVID-19 and found out the following:
 - 80% of the value of all concluded relevant contracts went to 10 contractors.
 - 136 additional COVID-19 public procurement related contracts at a total value of close to eight million euro
- Lessons learned:
 - It's important to declare all public procurement data in open data format
 - It's important to secure whistleblowing channels
 - At the right moment, the right approaches, it's possible to get the information you need

Grigory Mashanov - Senior Lawyer, Transparency International (TI) Russia - (Russia context):

- It's hasn't always been like this in Russia – the situation has gotten worse in

recent years.

- *“International rankings do not always explain what is really happening in the country.”* - Nothing has changed significantly between 2019 and 2021 in the CPI. However, there have been significant changes in the Russian procurement system, and they are all directly related to COVID-19.
- Before COVID less than 1% of Russian medicine for public facilities was procured by a single bidding. Today (data from 2021) 30% of Russian medicine for public facilities is bought by a single bid.
- *“They actually have a pandemic of single bidding in our procurement system.”*
- During the pandemic, TI- Russia established an emergency network of journalists (called RAVEN)
- Examples of corruption: ROSTEC corporation – state enterprise run by close friend of Putin. They sold ventilators that were supposed to be Russian made. However, 90% of the ventilators are made in China. And many of these ventilators went on fire and people died but no one was held accountable.
- Masks for the President Administration – they were bought seven times higher than their actual price
- In the case of a Spuknik V vaccine contract between Russia and Slovakia, neither the Slovakian nor the Russian government would share the contracts. After civil society campaigns in Russia and Slovakia, the contract was published.
- Single bidding was allowed for any contract related to COVID-19.
- Of course, the situation has become worse, but they have built a community of journalists who are investigating these cases. They are building capacity of journalists and activists work with procurement.

Dakarayi Happy Matanga - Senior Research Officer, Transparency International (TI) Zimbabwe (Zimbabwe context):

- TI-Zimbabwe have worked to tackle the issue by using data accessed through Freedom of Information and by creating an online platform
- Zimbabwe received significant money from the IMF during the pandemic as well as donations (both financial and in-kind)
- In this context, several high-level corruption cases emerged
- In response, TI-Zimbabwe sent a formal request to the Zimbabwean government to get more information on COVID-19 spending
- There was no formal response from the health ministry
- They then approached the High Court for a solution, who ordered the health ministry to release this information to them
- With that data, TI-Zimbabwe created an online COVID-19 tracker which summarises procurement data
- The chapter will continue to liaise with the government to keep the data up to date
- *“It’s all about inclusivity”* – Dakarayi believes that technology lowers the barrier for people to participate in public debate.

Question from Irem: In your experience, how has government managed to contain public emergencies driven from the COVID-19 experience without expanding corruption risks in procurement, emergency funds to industries and vaccination

plans among other areas?

Dakarayi:

- COVID-19 came at a time when we were improving our public procurement
- In 2018, the laws governing public procurement changed (reform program under the World Bank) – dispersed public procurement and the central agenda plays referee for compliance. The law also furthers e-government systems.
- There is now a sense of urgency because of COVID-19
- The government is now engaged to e-learning so that people know how to use this technology

Ingrida:

- *“The COVID 19 pandemic was a stress test for...our health institutions.”*
- Ingrida stressed the importance of focusing on real time data
- However, it’s important not just to generate the data but also to act on the data
- Just because it’s an emergency situation, it doesn’t mean you don’t have to follow the rules

Grigory:

- *“If COVID came to Russia 10 years before, we would have managed much much better.”* – people were afraid to report on corruption.

Question from Irem: What kind of exchanges did you have with public procurement office and other contracting agencies during the pandemic?

Ingrida:

- Positive experience with the authorities in getting the data
- The challenge was that data was provided in different formats
- This proved the need for open data
- It helped to provide feedback on how the situation could be improved

Question from Irem: How did your organisation come up with solutions in such a politically restrictive environment?

- *“The Kremlin has many towers.”*
- We still have a good anti-monopoly committee but there is not much they can do. We filed complaints with them.
- Historically, Russia has had a high level of digital transparency.
- There are some agencies we cooperated with. It varied from region to region.
- Different towers – certain agencies may use your complaint as tools in a political fight.

Question from Irem: What role you think can evidence-based third-party tracking can play in tackling corruption?

Dakarayi:

- It is important to generate increased trust with the authorities
- TI-Zimbabwe has signed various MOUs with relevant authorities

- We serve on some of the key UNCAC committees
- In our toolkit, we do policy and advocacy – pushing for open and public beneficial ownership
- Pushing for E-procurement
- Pushing for whistle-blower protection

Question from Irem: How did lessons from the COVID-19 pandemic contribute to activities around COVID emergency funds?

- After the pandemic, the EU Recover and Resilience Facility – close to 700 billion in loans and grants in the EU
- Pilot initiative in several countries including Lithuania looking at what information on the use of these funds is published and how?
- At TI-Lithuania, we look at standards that we can set against which we can measure progress

Question from Irem: In this limited space, what are your methods of informing the public about the corruption risk?

Grigory:

- There are still uncensored channels like Telegram
- Unblocked Facebook and Instagram
- Popular regional media
- This is why we work alongside journalists

Question from Irem: Why is corruption still rampant in Russia despite having a developed e-procurement system?

- **Dakarayi** – there are a lot of moving parts. It can take years to establish an effective e-procurement system.
- **Grigory** – Closing of data due to investigations by journalists. Government has closed a lot of access to data down. We have less accountability than before COVID-19.

Questions from the floor:

Comment from participant from Romania:

After the first waves of the pandemic in Romania in 2021, they conducted research looking at the risk of corruption in procurement, using 20 indicators of corruption risks. Rise in corruption risks with the pandemic affected not only procurement related to the pandemic but other types of procurement. We expected the risks to revert after the pandemic declined but it does not. The pandemic created a long-term impact on procurement. How should we proceed in monitoring the contracts?

Response from Grigory:

- They are developing a service “cartel catcher” that shows red flags in the medicine sector
- *“The future is digitalisation.”*

Response from Ingrida:

- We need to help authorities understand why the data is important and how to

build effective indicators

- They should be interested in finding out about those risks themselves
- Having real time data is essential

Comment from TI-Cambodia:

- COVID-19 is a difficult time for public procurement for all countries in the world
- Recommends that other stakeholders work with the government to review the public procurement law
- Important to monitor before, during, and after the bidding process

Comment from participant in Lithuania:

- Law on public procurement is the most frequently changed law
- What if we stop doing what we're doing to monitor public procurement at the minor level and focus on larger public procurement bids like infrastructure projects?

Response from Dakarayi:

- Let's focus on the big fish
- There needs to be a global compact to end the secrecy

Response by Grigory

- In Russia, we have three procurement laws
- One law was amended 95 times
- Officers are very busy monitoring contracts because of the level of detail

Response to Ingrida:

- Would like to see a reflection on how effective we are in procurement for big infrastructure projects or for complex IT system procurement
- Those processes take a long time and do not reflect the initial need once they are set up
- They are very complicated to track

Comment from Francois:

- Interested in the distinction between accountability and transparency.

Response from Grigory:

- Example of Singapore. High level of internal transparency but is not accountable to its citizens.

Key takeover from the speakers:

- **Dakarayi:** More crises will happen – we need to emphasize the urgency for something to be done to avoid the waste of resources
- **Grigory:** Happy on the progress that colleagues in Zimbabwe have made. Changes are possible.
- **Ingrida:** Set measurable and achievable goals. *"A bird in the hand is better than a moose in the woods."*

Main outcomes of session (include quotes/highlights and interesting questions from the floor)

Contribution from **Issel Masses-Ferrer of Sembrando Sentido from Puerto Rico** on their disaster funding monitoring work including the centralisation of the data with an aim to increase procurement transparency.

- Sembrando Sentido is a civic and empowerment organisation
- Puerto Rico sits among the highest risk area for the climate crisis
- “The climate crisis is here to stay.”
- We have not seen an active public procurement process by the government
- We’ve assessed the legal and institutional structures that lead to corruption
- Over 70% of our procurement is actually single bidding procurement.
- In the case of Puerto Rico, over 50% of their budget is used through procurement.
- They have created mechanisms for red flagging, working with both journalists and communities.

See quotes in red

Key recommendations for the future and concrete follow-up actions

Lessons learned (Lithuania):

- It’s important to declare all public procurement data in open data format
- It’s important to secure whistleblowing channels
- At the right moment, the right approaches, it’s possible to get the information you need

Importance of the use of technology and open data was emphasised by several speakers.

Is there a specific call to action to key stakeholders, such as governments, businesses, funders, civil society, young people, journalists or any other stakeholder that should be noted?

Please specify if relevant.

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- **Grigory:** Happy on the progress that colleagues in Zimbabwe have made. Changes are possible.
- **Ingrida:** Set measurable and achievable goals. *“A bird in the hand is better than a moose in the woods.”*

Rapporteur’s name and date submitted

Alice Stevens, 10.12.2022