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# **PERFORMANCE EVALUATION OF USAID'S RESPONSE TO COVID-19- ENABLED CORRUPTION**

## **FINAL EVALUATION REPORT**

Prepared under Contract No. GS-10F-0033M / Order No. 7200AA18M000, Tasking N057

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# DRG LEARNING, EVALUATION, AND RESEARCH ACTIVITY II

## PERFORMANCE EVALUATION OF USAID'S RESPONSE TO COVID-19- ENABLED CORRUPTION

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## ACRONYMS

AC	Anti-Corruption
ACTF	Anti-Corruption Task Force
AIDS	Acquired Immunodeficiency Syndrome
AOR	Agreement Officer’s Representative
BiH	Bosnia and Herzegovina
CDCS	Country Development Cooperation Strategies
CEGAH	USAID-funded anti-corruption activity in Indonesia (“Prevent” in Indonesian Bahasa)
COR	Contracting Officer’s Representative
COVID-19	2019 Novel Coronavirus Disease
CPI	Corruption Perception Index
CS:MAP	Civil Society: Mutual Accountability Project
CSO	Civil Society Organization
DO	Development Objectives
DRG	Democracy, Human Rights, and Governance
EGSA	Economic Growth Support Activity
EMT	Evaluation Management Team
ET	Evaluation Team
GDP	Gross Domestic Product
GOI	Government of Indonesia
GON	Government of Nepal
IJP	Investigative Journalism Program
INTEGRITAS	Indonesian Integrity Initiative
IR	Intermediate Result

JACA	Judiciary Against Corruption Activity
KII	Key Informant Interview
KPK	Corruption Eradication Commission
LGAP	Local Governance Accountability and Performance
MEDIA	Media Empowerment for Democratic Integrity and Accountability
MSME	Micro-, Small-, and Medium-Sized Enterprises
NGO	Non-Governmental Organization
NSAF	Nepal Seed and Fertilizer Project
ONSE	Organized Network of Services for Everyone's Health Activity
PAC	Pandemic-Associated Corruption
POC	Point of Contact
SC	Steering Committee
SHOUHARDO	Strengthening Households to respond to Development Opportunities
SMSE	Small- and Medium-Sized Enterprises
SP4N-LAPOR	Indonesian acronym for the National Public Service Complaint Management System - People's Online Aspirations and Complaints Service
TSOC	Tackling Serious and Organized Corruption
U.S.	United States
USAID	U.S. Agency for International Development
USSCC	U.S. Strategy on Countering Corruption

## EXECUTIVE SUMMARY

The purpose of this study is to evaluate the performance of the United States Agency for International Development (USAID)-funded anti-corruption (AC) programs implemented during the 2019 Novel Coronavirus disease (COVID-19) pandemic. In particular, the study explores the degree to which USAID-funded programs adapted to corruption risks that emerged during the COVID-19 pandemic and the effectiveness of these adaptations in achieving their objectives. The study uses these findings as the basis for recommendations on how USAID might adapt its AC programming during the next pandemic or comparable crisis.

The evaluation questions that guide this study are as follows:

- To what extent were USAID’s existing and new AC projects and components of other sectoral activities responsive to pandemic-enabled corruption and its evolving risks in-country?
- Which AC projects and components of other sectoral activities were most effective at addressing COVID-19-enabled corruption?
- How well were USAID’s AC projects and components of other sectoral activities coordinated across internal and external stakeholders?

To answer these questions, the evaluation team (ET) drew on several sources of data. First, we conducted a desk review of USAID AC programs, as well as a series of scoping interviews with key Activity stakeholders, including eight USAID Washington offices, five Missions, and another ET. Subsequently, the ET selected five Missions as case studies for a deep dive analysis of AC programming and perspectives: Bangladesh, Bosnia and Herzegovina (BiH), Indonesia, Malawi, and Nepal. The five Mission case studies enabled the ET to gain deep perspectives on 22 AC activities. We drew on key informant interviews (KIIs) with activity stakeholders in addition to reviewing relevant activity documents. The ET deployed a quantitative survey to 81 Mission-based activity managers responsible for overseeing the implementation of AC programming.

Analysis of these data provide five topline findings:

1. **Activities in the Democracy, Human Rights, and Governance (DRG) sector were more likely to adapt to increased risks of pandemic-associated corruption (PAC) than activities from other sectors.** Qualitative interviews indicate that a key reason for this pattern was that DRG activities, whether they were dedicated to fighting AC or improving other aspects of governance, were more likely than non-DRG activities to identify corruption as a discrete risk to achieving activity objectives.
2. **The types of adaptations to PAC were largely guided by existing Country Development Cooperation Strategy (CDCS) priorities and facilitated by flexibility in contract and grant procedures.** When the CDCS prioritized AC objectives and laid out clear AC strategies, Missions were able to draw on these resources to guide their responses, and as a result, were more likely to adapt to PAC. Flexibility in contract and grant procedures expedited adaptations.

3. **There were many types of adaptations to PAC, most commonly among four categories:** increased support for watchdog civil society organizations (CSOs) and investigative journalists; assistance to more transparent and traceable procurement processes (including e-governance applications); training for judicial bodies to more aggressively prosecute fraud; and support to local governments responsible for administering COVID-19 response funds, including medical supplies and social assistance programs.
4. **Based on KII and survey respondents' input, the ET found that these four types of adaptations demonstrated varying degrees of effectiveness and were considered to be promising approaches to reducing corruption.**
5. **Missions coordinated PAC adaptations internally more often than externally, and activity teams were more effective than Mission-level personnel at coordinating adaptations.** Mission leadership did not use portfolio reviews or donor meetings effectively to coordinate PAC adaptations. DRG offices demonstrated more effective internal and external coordination of adaptations among implementing partners and with non-DRG activities.

Based on these findings, the ET offers five topline recommendations for USAID to consider:

1. **Set objectives and scopes for non-DRG activities that reflect an understanding of systemic corruption and the ability to respond to changes in corruption during emergencies.** During the design of non-DRG activities focusing on health, education, economic growth, and humanitarian assistance, and other sectors, USAID teams should set objectives that reflect an understanding of systemic corruption in the sector and ensure that their scopes provide flexibility and incentives to adapt to increased corruption during emergencies.
2. **Invest in strengthening watchdog CSOs and investigative journalism, adapting these activities to emergency conditions.** During normal times, USAID Missions should invest in activities that strengthen the ability of watchdog CSOs and investigative journalists to monitor, investigate, and expose public-sector corruption. During periods of emergencies, shocks, or crises, USAID should adapt its ongoing support by enabling CSOs and media to investigate corruption at both national and subnational levels in procurement, economic subsidies, and other government-led initiatives at increased risks of corruption.
3. **Accelerate support to justice sector institutions during emergencies to ensure adequate response to corruption.** Investigations, prosecutions, and judicial functions can be limited during emergencies, especially those such as the COVID-19 pandemic where movement was restricted. This hampers the ability of the state to fully respond to corruption allegations. Accordingly, Missions should be prepared to heighten their support to justice institutions to adapt to restrictive operating conditions during emergencies, shocks, or crises.
4. **Mitigate corruption risks in public administration of emergency-response funds through enhanced public financial management support.** Providing public financial management and governance support to subnational/local governments was a critical need during COVID response, as large influxes of funding aimed to enhance local public service delivery occurred across sectors and corruption risks were evident.



5. **Improve internal and external coordination of AC interventions to strengthen implementation during emergencies.** We recommend that Missions enhance internal and external coordination efforts on corruption, both generally and during emergencies. Missions that coordinate their DRG and non-DRG local governance and public service interventions internally and externally are better able to improve their AC adaptations and strengthen implementation across sectors and activities during emergencies, shocks, and crises.

## I. INTRODUCTION

In June 2021, President Biden elevated the fight against corruption as a core national interest in the National Security Study Memorandum. At the direction of the National Security Study Memorandum, federal departments and agencies conducted an interagency review to take stock of existing U.S. (United States) Government anti-corruption (AC) efforts and identify important gaps in the fight against corruption. Building on the interagency AC review, the President issued the first U.S. Strategy on Countering Corruption (USSCC) in December 2021. The USSCC outlines how the U.S. Government will work domestically and internationally with governmental and non-governmental partners to address corruption.

Recognizing the United States Agency for International Development's (USAID) extensive experience combatting corruption across the globe, the USSCC calls for USAID to play a leading role in the U.S. government's renewed fight against corruption. In response to this call to action, USAID activated the Anti-Corruption Task Force (ACTF), which has a mandate to rapidly scale up AC programming within the Agency. In December 2022, the ACTF's work led to approval of the USAID Anti-corruption Policy, which firmly establishes AC as an Agency priority; articulates a new definition of corruption as a system in which the powerful subvert the public good in service of their own personal, economic, and political interests and that of their allies and family members; and solidifies USAID's focus on transnational corruption, grand corruption, and kleptocracy.

The U.S. Government's decision to elevate its fight against corruption unfolded amid the 2019 Novel Coronavirus disease (COVID-19) pandemic, which itself had a profound impact on corruption. Indeed, the demands of the pandemic dramatically increased the size of the public sector in countries across the globe, increasing opportunities for corruption. At the same time, the pandemic made it more difficult for governments and watchdogs to detect and prevent corruption, as traditional safeguards were suspended during the emergency. The result of these two forces was a potentially large and difficult-to-detect change in the magnitude and nature of corruption.

And yet good governance is essential to effective government response amid crises such as the COVID-19 pandemic. Recognizing this importance, USAID's ACTF has identified pandemic readiness in the AC sector as an important priority. To effectively support partner governments in their response to the next pandemic, natural disaster, or other crisis, USAID must be prepared to adapt its programming to respond to emergent corruption risks in the public sector.

To inform this effort, this study evaluates the performance of USAID-funded programs implemented during the pandemic. We focus on the degree to which USAID-funded programs adapted to corruption risks that emerged during the pandemic, and the effectiveness of these adaptations in achieving their objectives. We then use these findings as the basis for recommendations on how USAID might adapt its programming to corruption amid the next pandemic or comparable crisis.

### EVALUATION PURPOSE

The purpose of this study is to support organizational learning within USAID about effective AC programming during emergencies such as the COVID-19 crisis. Specifically, we seek to assess the degree to which USAID Missions adapted their programming to address new corruption threats that emerged during the pandemic. As a corollary, we seek to identify successful approaches to adapting programs to

meet emergent corruption risks and to coordinate these adaptations internally and externally with USAID's external partners.

The performance evaluation aims to achieve the following results:

1. Inform ongoing and future AC programming decisions and activity design in emergency response contexts, including COVID-19.
2. Identify effective AC approaches and factors that contributed to their success to further Agency learning in a priority area; and
3. Generate evidence on the second-order impacts of COVID-19 in the areas where USAID operates, including pandemic-associated corruption (PAC) and other critical governance challenges.

## EVALUATION QUESTIONS (EQS)

The following framing question and three EQs guide this evaluation:

- Framing Question: What effect has the COVID-19 pandemic had on corruption in the places where the Agency works?
- EQ 1: To what extent were USAID's existing and new anti-corruption projects and components of other sectoral activities responsive to pandemic-enabled corruption and its evolving risks in-country?
- EQ 2: Which anti-corruption projects and components of other sectoral activities were most effective at addressing COVID-enabled corruption?
- EQ 3: How well were USAID's anti-corruption projects and components of other sectoral activities coordinated across internal and external stakeholders?

This report uses the term *pandemic-associated corruption* (PAC) rather than *pandemic-enabled corruption*, to avoid implying a relationship of causality between COVID and corruption.

## 2. EVALUATION DESIGN

The Evaluation Team (ET) adopted a mixed-methods approach for the evaluation. Data collection included the following activities: a desk review of key documents from selected activities; key informant interviews (KIIs) with USAID Mission points of contact (POCs) who oversee programming strategy and activity design; KIIs with activity stakeholders, including USAID Mission staff, implementing partners, sub-contract grantees, and others; and a survey of selected Mission staff worldwide. Semi-structured instruments guided the KIIs. They encouraged reflection on the links among the pandemic, corruption, and Mission programs. The survey used an instrument that provided quantitative and qualitative data from the perspective of Mission staff designing and managing DRG and other sectoral activities.

Analysis and dissemination follow the data collection process. Specific activities include Preliminary Findings and Sensemaking Workshops, submission of the draft and final reports, dissemination of the

policy brief/key takeaways document, and a findings presentation to a wide stakeholder group to further disseminate the results and provide guidance on how the evaluation findings can inform USAID and other U.S. Government agency programming.

## **DESK REVIEW AND SCOPING INTERVIEWS**

From January through March 2022, the ET performed a desk review of USAID background documents; undertook a scoping exercise consisting of interviews with USAID AC and other sectoral experts based in Washington and several Missions; and participated in a co-creation process.

Through the desk review and scoping interviews, the ET gained an initial understanding of the links between COVID-19 and corruption, the variety of AC approaches across the Agency, the impact of COVID-19 on some Mission portfolios, changes in corruption levels during the pandemic, the flexibility of Missions and USAID activities to respond to changes in corruption during the pandemic, and the responses of some Missions and USAID activities to such changes.

The ET conducted a desk review to become familiar with USAID's AC activities, better define the scope of the evaluation, and determine the most informative and feasible data collection activities.

The ET and the USAID Evaluation Management Team (EMT) agreed that a slate of scoping interviews would be useful in refining the evaluation scope and methodology. These informal sessions allowed USAID headquarters and Mission technical staff to share their insights on the Agency's corruption response, priority Missions in their sector, and Mission/activity case selection criteria. The ET used open-ended instruments during the scoping interviews, which were conducted over Zoom. These instruments sought information and perspectives to shape the evaluation scope and design. The ET adapted the instruments to the unique role and programs of each office and Mission.

Over an eight-week period, the ET held 14 interviews with representatives of eight USAID/Washington offices, five Missions, and the COVID and Democratic Backsliding ET. The EMT identified key informants with relevant expertise on the Agency's response to PAC who were available to participate in the scoping interviews. The EMT and the ET discussed the technical areas to be covered during the scoping interviews. Ultimately, the interviews focused on Democracy, Human Rights, and Governance (DRG), global health, education, and economic growth. Global health specialists made up more than half of scoping consultations.

Through a process of co-creation, USAID and the ET co-designed the methodology for the performance evaluation. The ET led the process and convened USAID's evaluation Steering Committee (SC) participants. The ET and USAID organized three Team Planning Meetings that brought together nine to 12 USAID staff and the ET members.

## **MISSION CASE STUDY SELECTION**

The Mission sampling approach combined criteria measuring corruption risks, USAID AC programming, and COVID impacts and response, while ensuring study feasibility and geographical representation. It used the following data:

1. Corruption risks: the 2020 Transparency International Corruption Perception Index (CPI) scores served as the proxy indicator for measuring corruption risks.
2. USAID AC programming: the proxy indicator was the number of AC activities per Mission contained in the ACTF list of AC activities.
3. COVID impact and response: The level of USAID COVID-19 funding provided to each Mission (October 2021) was a proxy indicator for measuring COVID impact and response.

The ET compiled a list of Missions and the data listed above. For each region, the team presented to the SC a list of Missions that had at least one activity on the ACTF list, ranked by the number of AC activities and the level of USAID COVID-19 funding.

The EMT and ET selected three regions (Africa, Latin America and the Caribbean, and Asia) for the evaluation. These regions had the largest number of priority countries discussed by SC members and scoping interview respondents and the largest number of Missions on the ACTF activity list. The SC confirmed the targeting of the evaluation on these regions.

The EMT and ET determined that the evaluation would comprise six Mission case studies. For each of the three selected regions, the ET identified four Missions as candidates for the two spots. The ET planned to contact the top two Missions in each region.

After seeking interviews with 11 Missions and interviewing staff in seven of them, the ET and the EMT selected five Missions for case studies, four of which met the sampling criteria: Indonesia, Nepal, Bangladesh, and Malawi. While the ET sought to interview the 12 candidate Missions, some Missions did not respond to requests for interviews. During the interviews with Mission staff, the ET shared the objectives and methodology of the evaluation. Subsequently, some Missions reported that they were not interested in participating.

The Latin America and the Caribbean Bureau limited the number of Missions the ET could interview and selected its own candidate Mission, the Dominican Republic, which was not interested in participating in the evaluation. Consequently, the ET and EMT decided to select a Mission from Europe and Eurasia, Bosnia and Herzegovina (BiH), which agreed to participate.

## **ACTIVITY CASE STUDY SELECTION**

During the planning phase, the ET, in coordination with the USAID EMT, set the number of activity case studies to about three per Mission. Each activity would be the basis for a case study in which members of the ET would dive deeply into outputs and processes, interview activity stakeholders at multiple levels and from multiple organizations and review available activity documents and deliverables. In addition to synthesizing insights from activity case studies within a given Mission, the ET planned to provide a high-level synthesis of findings across the case studies, comparing and contrasting cases of relatively successful versus less successful adaptation to yield insights on potential factors that lead to successful adaptation.

The ET identified DRG activities dedicated to AC, other DRG activities, and activities in non-DRG sectors, including health, education, humanitarian assistance, and economic growth.<sup>1</sup> The team selected these activities to explore whether and how they pivoted to address PAC. Among the five Missions, the ET selected 22 activities for case studies. Five were dedicated DRG AC activities, five were other DRG activities, and another twelve were non-DRG activities. Of the non-DRG activities, seven focused on health, three focused on economic growth, one focused on humanitarian assistance, and one focused on education. See **Annex A** for the list of activities, sectors, and adaptations.

## QUANTITATIVE SURVEY SAMPLING APPROACH

The purpose of the survey was to provide a global view of the degree to which USAID programming was responsive to COVID-19-associated corruption, as perceived by key USAID staff. To recruit respondents, we first reached out to monitoring and evaluation POCs at each USAID Mission to request referrals to any Mission-based Activity Lead responsible for overseeing AC programming.<sup>2</sup>

Of the 83 Missions, we received referrals from 50 Mission POCs. These 50 POCs provided a total of 128 referrals. We reached out to all 128 referrals, and received complete survey responses from 81 respondents, for a response rate of 63 percent. The final sample of 81 respondents covered all five USAID regions and comprised 40 Missions, including 25 percent (10) from Africa, 22.5 percent (9) from Europe and Eurasia, 22.5 percent (9) from Latin America and the Caribbean, 17.5 percent (7) from Asia, and 12.5 percent (5) from the Middle East. The survey instrument administered to these respondents addressed 101 USAID-funded activities.

## DATA COLLECTION METHODS

### SEMI-STRUCTURED KIIS

For Mission-level case studies, following a review of Mission strategic documents, the ET conducted KIIs with Program Officers/programming POCs. For individual activity case studies, members of the ET used KIIs to dive deeply into outputs and processes, interview activity managers, implementing partners, grantees, and other stakeholders and review available activity documents and deliverables.

The ET used Microsoft Teams for all interviews. KIIs followed a semi-structured interview format that ensured some standardization of questions and data for comparison purposes but had open-ended questions that allowed for more qualitative analysis. The interviews encouraged reflection and analysis by the respondents.

The key informant semi-structured interview instruments for Mission Program Officers/programming POCs and activity managers/stakeholders contained questions targeted to unique experience and knowledge of the respondents. The questions addressed the following general topics:

<sup>1</sup> The sample did not include other non-DRG sectors such as environment; climate change, energy, and infrastructure; inclusive development; conflict and transition; water and sanitation; and agriculture and food security/nutrition.

<sup>2</sup> Because these Activity Leads have direct experience managing AC programming during the pandemic, they were well-positioned to provide insights into how pandemic-associated corruption was affecting USAID programming and what safeguards might be enacted to mitigate these impacts in the future.

1. The effect of the COVID-19 pandemic on corruption.
2. The adaptation of Mission activities to changes in corruption associated with the pandemic.
3. The effectiveness of these adaptations to addressing corruption associated with the pandemic.
4. The coordination of these activities with internal and external stakeholders during the pandemic.

For each Mission, after holding an initial organizational meeting, the ET conducted 10 to 14 interviews, including one to two interviews with Mission POCs and nine to 12 interviews with activity stakeholders. **Annex E** contains the interview instruments used for Mission leadership and activity managers/stakeholders.

## QUANTITATIVE SURVEY

The survey included items on COVID-19's impact on public sector corruption during the pandemic, adaptations to USAID programming to address PAC, the effectiveness of these adaptations, and the degree to which these adaptations were coordinated with internal and external stakeholders.

To ensure cost efficiency and maximize the sample size of the survey, the ET deployed a self-administered, online survey. The ET used a series of escalating steps to encourage participation and minimize non-response bias (e.g., follow-up emails, follow-up phone calls, and channeling the request to participate through higher-level staff).

Prior to administering the online survey, the ET piloted the survey questionnaire by administering the survey manually with a smaller number of USAID Mission and Activity staff to refine the structure and content of the questionnaire, check that the answer choices were comprehensive, and flag any sensitive questions. Refer to **Annex E** for the survey instrument.

## EVALUATION LIMITATIONS

### DATA LIMITATIONS

Data limitations include limitations in the accuracy of information compiled by the USAID ACTF on the number of AC activities in Missions. The ACTF list had some clear limitations but provided the best available source of information for Agency AC activities at the time the ET used it.

As described in the section "Mission Case Study Selection," the number of AC activities per Mission served as a proxy for one of the three criteria used by the EMT and ET for selection of targeted Missions, "USAID AC programming." The ACTF put together an initial list based on operating plans and project reports. It identified AC projects that addressed issues such as institutional strengthening, rule of law, Open Government Partnership standards, and the Extractive Industries Transparency Initiative. Subsequently, it asked Missions to self-identify their AC activities, but not all Missions responded.

The absence of a statutory definition of AC and the complexity of USAID programming made it challenging for the ACTF to put together a definitive list of AC activities. The activity planning process of Missions resulted in the cancellation and integration of some activities on the ACTF list and the initiation

of activities that were not on the list. For example, the ET learned that the one USAID Moldova activity in the ACTF list was planned but not yet approved.

### SOCIAL DESIRABILITY BIAS

Social desirability bias is the tendency of respondents to overreport more desirable attributes. For example, with the knowledge that evaluation results can inform the future funding or direction of an activity or of the Mission portfolio, respondents may provide evaluators with positive feedback because they want activities to continue. Likewise, staff may overemphasize the activity's successes to reflect well on their own performance. The team mitigated this type of bias by emphasizing to participants our desire to both hear about what had worked well in addition to the challenges/weaknesses. In addition, the ET triangulated data analysis by using other data sources.

Another approach to reducing social desirability bias among respondents was the promise of confidentiality. The ET was clear in the KII informed consent language that there were no direct benefits to respondents from participating in the evaluation and that the report would not contain any information that identifies them directly or could be used to identify them. The findings in this report contain no names or titles of respondents.

### NON-RESPONSE BIAS

Non-response bias is when those who agree to participate in the evaluation differ systematically from those who do not respond. Participants may have a greater vested interest in the evaluation outcomes (e.g., Mission and activity staff and implementing partners) or have strong negative or positive opinions about the activities that may skew the results.

The Mission and activity selection process for the case studies may have contributed to non-response bias. The ET sought a "match" with Missions whose leadership viewed the evaluation as beneficial. Those Missions with leadership who did not see such benefit in the evaluation refused to participate. Consequently, the ET and EMT selected for case studies Missions that may have had an institutional stake in the evaluation outcomes.

Evidence for such vested interests was shown by differences in adaptation of DRG activities to PAC between Missions selected for case studies and those included in the survey. Among the five Missions selected as case studies, 10 out of 10 DRG activities (100 percent) adapted to PAC. For the 40 Missions covered in the quantitative survey, 27 out of 73 DRG activities (36 percent) adapted to PAC. The ET mitigated non-response bias among Missions selected for case studies by triangulating data collection with that produced by the quantitative survey. However, even the quantitative survey may have been affected by non-response bias.

Vested interest in evaluation outcomes by Mission leadership may have translated into vested interest by activity-level respondents. Activity managers and implementing partners may have had an incentive to show progress in adaptation to PAC. The ET mitigated this concern by interviewing multiple stakeholders, including grantees and government partners.

Among both survey and interview respondents, the team mitigated non-response bias by reaching out persistently to respondents, including engaging in multiple follow-ups for responses from hard-to-reach



groups. We ensured the methods of participation were adapted to reduce the cost of participation of respondents.

## ANALYSIS

**QUANTITATIVE ANALYSIS.** The ET checked data from the survey for consistency and entered them into a statistical database software program. The team analyzed the data for trends and correlations, accounting for statistical significance. Data presented in charts and graphs helped the team identify and clearly communicate the major findings for the evaluation. In addition, the evaluation benefited from analysis of other sources of quantitative data, including Transparency International’s CPI, the World Bank Governance Indicators, and the Varieties of Democracy Index.

**QUALITATIVE ANALYSIS.** In addition to undertaking the quantitative analysis of the survey data, the ET performed an in-depth, qualitative analysis of the semi-structured interview notes and the open-ended questions on the survey. This analysis focused on identifying corruption risks, trends, programmatic responses, and perceptions of the effectiveness of these programmatic responses. The Principal Investigators took KII notes and when authorized by respondents, complemented them with digital recordings and transcriptions.

The ET used content and comparative analyses to review notes and identify response categories and patterns and to elucidate emergent themes and contextual factors among qualitative data for each activity. It used these themes to generate findings and conclusions for all qualitative data summary notes or transcripts for each Mission using a Microsoft Excel Findings, Conclusions, and Recommendations matrix. The matrix provided the qualitative data needed to aggregate the findings, conclusions, and recommendations for the five Missions. It ensured that the ET was collecting data that systematically and thoroughly answered each EQ; verified that preliminary analysis accounted for gender and social dimensions; identified gaps where additional clarification or analysis was necessary; and ensured that each recommendation was supported by evidence. Quality checks were provided to ensure that no qualitative information was lost through this process.

The ET examined other sources of qualitative data to provide context such as the International Monetary Fund tracker summarizing the nature and status of government measures to ensure transparency and accountability in their COVID crisis-related spending<sup>3</sup> and the Center for International Private Enterprise website, “COVID-19 & Corruption: Latest Trackers, Articles, and Resources.”<sup>4</sup>

## 3. FINDINGS

### IMPACT OF THE COVID-19 PANDEMIC ON CORRUPTION (FRAMING QUESTION)

**KII AND SURVEY DATA SUGGEST THE PANDEMIC CREATED NEW OPPORTUNITIES FOR CORRUPTION.** When the COVID-19 pandemic forced countries across the globe to adopt strict lockdown measures, it did not take long for policymakers to raise the alarm about the increased risk of

<sup>3</sup> International Monetary Fund, “Implementation of Governance Measures in Pandemic-Related Spending, May 2022,” <https://www.imf.org/en/Topics/governance-and-anti-corruption/implementation-of-governance-measures-in-pandemic-related-spending-may-2022>

<sup>4</sup> Center for International Private Enterprise website, “COVID-19 & Corruption: Latest Trackers, Articles, and Resources,” <https://acgc.cipe.org/business-of-integrity-blog/covid-19-corruption-latest-trackers-articles-and-resources/>

corruption. As early as June 2020, major institutions such as the International Monetary Fund, World Bank, and Transparency International issued stark warnings about the emergent corruption risks of the pandemic.<sup>5</sup> These warnings focused on two key dynamics underlying the increased risk of corruption. First, the pandemic forced governments to dramatically increase the size of the public sector as they mobilized immense resources to respond to the pandemic and address its adverse economic and social consequences. This increase in the size of the public sector, in turn, dramatically increased the opportunities for corruption. And second, many corruption prevention and enforcement mechanisms were suspended due to the emergency and associated lockdowns, weakening the ability of governments and watchdog organizations to detect and prevent corruption.

Respondents of our quantitative survey of USAID Mission staff recognized these risks: Of the 81 respondents who took the survey, 66 percent assessed that COVID-19 increased corruption “a lot” (29 percent) or “somewhat” (38 percent) in their countries. Asked to explain how COVID-19 increased corruption during the pandemic, respondents to the survey most frequently cited the loosening of standard transparency and oversight safeguards when rapidly procuring emergency supplies and services to respond to the pandemic. For example, when asked “In what ways do you think COVID-19 increased public sector corruption?” one survey respondent summarized it as follows:

*“Based on the COVID-19 pandemic, the government declared a state of emergency and used many legal decrees to avoid using the established legal regulations for transparent purchases. Besides that, some politicians and their family members benefit directly from government purchases as they became providers of medical equipment or supplies during the state of emergency.”*

Another respondent to the survey noted: “Given several emergency decrees that were passed when COVID began, less controls were enforced, and procurement rules were subjectively flexible. This gave place to contracts that negatively impacted expected beneficiaries.”

Respondents to our KII interviews recognized the threat the pandemic posed to government integrity. A majority of KII respondents from each of the five Mission case studies reported that COVID-related circumstances (including an increase in government spending on goods and service delivery and the emergency nature of the spending) created an environment that was more susceptible to corruption. Thus, they concluded corrupt practices likely increased as a direct result of the pandemic (see the appended Mission case studies for detailed information).

KII respondents described several ways in which COVID-19 presented new and more opportunities for corruption in their countries, most examples of which can be distilled into the categories shown in

**Table 1:**

<sup>5</sup> See International Monetary Fund, “Progress in Implementing the Framework for Enhanced Fund Engagement on Governance,” June 25, 2020, <https://www.imf.org/-/media/Files/Publications/PP/2020/English/PPEA2020033.ashx>; World Bank Governance Group, “Ensuring Integrity in Governments’ Response to COVID-19,” April 28, 2020, [https://openknowledge.worldbank.org/bitstream/handle/10986/33705/Ensuring\\_Integrity\\_in\\_the\\_Government\\_Response\\_to\\_COVID-19-April%202020.pdf?sequence=7&isAllowed=y](https://openknowledge.worldbank.org/bitstream/handle/10986/33705/Ensuring_Integrity_in_the_Government_Response_to_COVID-19-April%202020.pdf?sequence=7&isAllowed=y); Transparency International, “The Ignored Pandemic Behind COVID-19: The Impact of Corruption on Healthcare Service Delivery,” December 17, 2020, <https://ti-health.org/content/corruption-COVID-19-coronavirus-health-delivery/>

**Table I. Categories of Corruption Associated with the Pandemic**

CORRUPTION CATEGORY	EXAMPLES
1. Corruption related to national or local government procurement of and/or distribution of COVID equipment, supplies, medicines, and vaccines	<ul style="list-style-type: none"> <li>• BiH – the former Prime Minister under prosecution for a contract related to procuring ventilators</li> <li>• Malawi – allegations against public health system for siphoning off vaccines and COVID drugs and their resale on the black market</li> <li>• Indonesia – prosecution of the Minister of Social Affairs and his aides for using a donation for their own personal benefit</li> <li>• Nepal – health minister and several senior advisers to the Prime Minister accused of being involved in kickback procurement schemes for the purchase of personal protective equipment and other equipment</li> </ul>
2. Corruption related to implementation of pandemic subsidy programs, including cash subsidies for individuals and families and economic stimulus payments for small- and medium- sized enterprises (SMEs)	<ul style="list-style-type: none"> <li>• Malawi – allegations of diversion of funds and materials by government officials and suppliers under the COVID-response Affordable Inputs Program intended to benefit farmers</li> <li>• BiH – allegations of pandemic economic stimulus support packages for small businesses never reaching intended beneficiaries</li> <li>• Indonesia – allegations of misuse of COVID-19 recovery funds by public officials</li> </ul>
3. Corruption of programs for distributing subsidized COVID-related goods or services	<ul style="list-style-type: none"> <li>• Nepal – allegations of health institutions selling medicines that were subsidized and intended for free distribution and claiming treatment subsidies for services they did not provide</li> </ul>

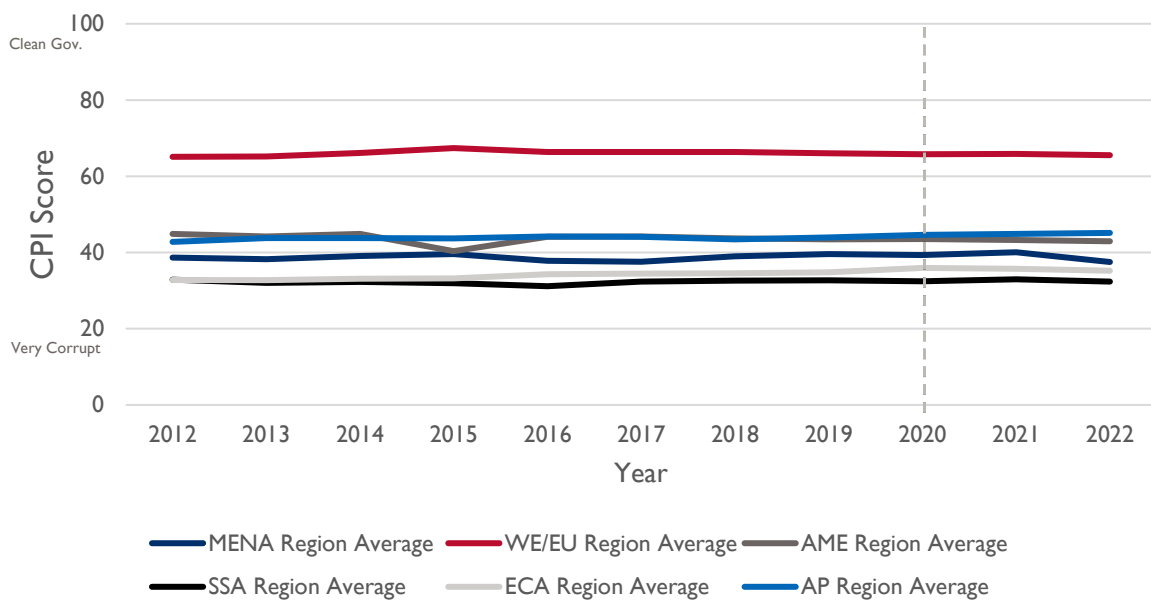
In addition, an important driver of corruption associated with the pandemic was a reduction in governmental transparency. For example, in BiH and Indonesia governments resisted reporting on COVID public spending.

Across all five Missions, media reports, government audits, and independent studies were consistent with KII and survey respondents’ overall perception that the pandemic created new opportunities for corruption. For a country-by-country assessment of these dynamics, see detailed analysis in the appended case studies.

Importantly, KII respondents noted that they lacked solid evidence to justify their conclusions. Respondents often noted that their perceptions of increased corruption were primarily based on media reports and hearsay rather than on first-hand experience, sometimes noting that limited research was done in their country to assess the impact of COVID on corruption. Some respondents reported that donors and implementing partners were not heavily focused on corruption during the pandemic and were not conducting comprehensive monitoring to assess changes to corruption.

**INTERNATIONAL INDICES PROVIDE ADDITIONAL EVIDENCE FOR A 2020–22 SPIKE IN CORRUPTION.** We triangulate the survey and KII data with Transparency International’s CPI<sup>6</sup> and the World Justice Project Rule of Law Index Absence of Corruption Factor.<sup>7</sup> The CPI captures the perceptions of country experts and businesspeople on the level of corruption in the public sector. The annual index uses a standardized procedure across all countries, allowing for comparisons across countries and over time. **Figure I** displays the 2012–2022 results for each of the five regions in which USAID operates. Contrary to evidence from the KIIs and survey, the CPI shows no distinct uptick in the overall level of corruption at the regional level from 2020–2022. The CPI report for 2022 shows that for the last decade, the scores of 25 countries improved, 31 countries declined, and 124 countries stayed the same.

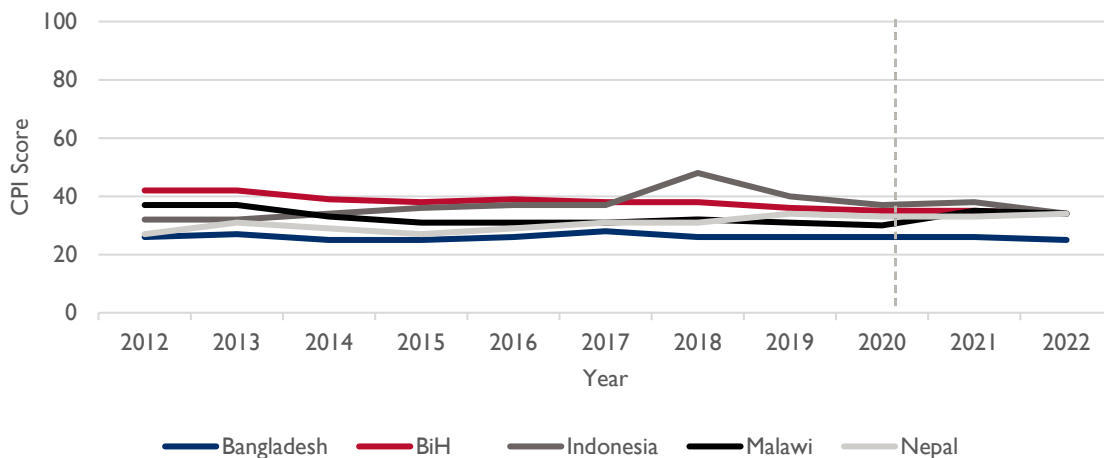
**Figure I: Corruption Perceptions Index by Region, 2012–2022**



<sup>6</sup> The CPI index ranks 180 countries and territories by their perceived levels of public-sector corruption according to experts and businesspeople. It relies on 13 independent data sources and uses a scale of zero to 100, where zero is highly corrupt and 100 is very clean. For full details, see <https://www.transparency.org/en/cpi/2022>.

<sup>7</sup> The Rule of Law Index includes 44 Sub-Factors, rolled up into 8 Factors and an overall score. Factor two measures the absence of corruption in government. Scores are normalized on a 0-1 scale, where a higher score is 'better' (i.e., indicates stronger rule of law). For full details, see <https://worldjusticeproject.org/rule-of-law-index/factors/2022>.

**Figure 2: Corruption Perceptions Index by for Study Country Countries with Mission Case Studies, 2012–2022**



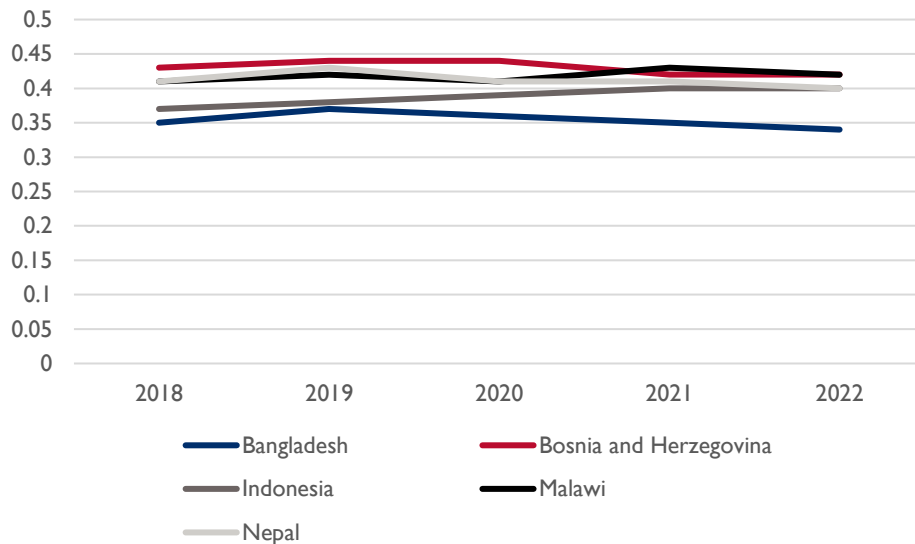
**Figure 2** shows the results for the five countries with Mission case studies. The scores of four out of five countries have stagnated since 2020. However, Indonesia’s score dropped four points, and its rank dropped 14 points between 2021 and 2022. Much of this drop is due to repression of journalists exposing corruption scandals, some of which are linked to the pandemic. These results are consistent with the KIIs for Indonesia.

For the other countries studied, although these CPI results may appear to contradict the data from the other KIIs and survey, this conclusion would be premature. For starters, corruption remained high (scores under 50 where 0 is very corrupt) during the pandemic in nearly every region but Europe. In addition, because the CPI provides just a single score per country intended to capture all forms of public sector corruption, it is ill-suited to capture the myriad ways in which the pandemic may have altered how corruption manifests. Indeed, as the survey and qualitative evidence discussed above demonstrate, the pandemic is likely to have had a profound impact on the shape and nature of corruption.

The World Justice Project Rule of Law Index Absence of Corruption Factor provides different insights into PAC in the five countries with Mission case studies. The factor considers three forms of corruption: bribery, improper influence by public or private interests, and misappropriation of public funds or other resources. These three forms of corruption are examined with respect to government officers in the executive branch, the judiciary, the military, police, and the legislature.

**Figure 3** presents the Absence of Corruption Factor for the five countries with Mission case studies from 2018–2022. Scores are normalized on a 0-1 scale, where a higher score is 'better' (i.e., indicates stronger rule of law). The scores of all five countries deteriorated or stagnated at some time during this period. BiH’s score deteriorated in 2021 and stagnated. Bangladesh’s score has deteriorated since 2019. Malawi’s score deteriorated in 2020, improved in 2021 and fell in 2022. Nepal’s score fell in 2020 and fell further in 2022. Indonesia’s score improved through 2021 and stagnated in 2022.

**Figure 3: Absence of Corruption Factor for Countries with Mission Case Studies, 2018–2022**



The results of this measure are more consistent with the evaluation findings than the CPI. They reflect a perception of increased corruption of government institutions in four countries and the stagnation of government corruption in Indonesia. The difference between the results of the two measures can be explained by a greater relative focus of the Absence of Corruption Factor on government and a greater relative focus of the CPI on institutions outside government. Together, the two measures provide further evidence that corruption during the pandemic increased in the five countries with Mission case studies.

In sum, for the five countries with Mission case studies, KII data as well as the World Justice Project Absence of Corruption Factor provide evidence that corruption increased during the pandemic. Much of this evidence is based on perceptions, but together it provides a convincing picture of the negative impact of COVID on corruption. The survey showed similar results for many other USAID Missions. Contributing factors to changes in corruption were the loosening of procurement standards, the creation of new subsidy programs and the distribution of COVID equipment and supplies.

### **RESPONSIVENESS OF USAID PROGRAMMING TO PAC (EQ 1)**

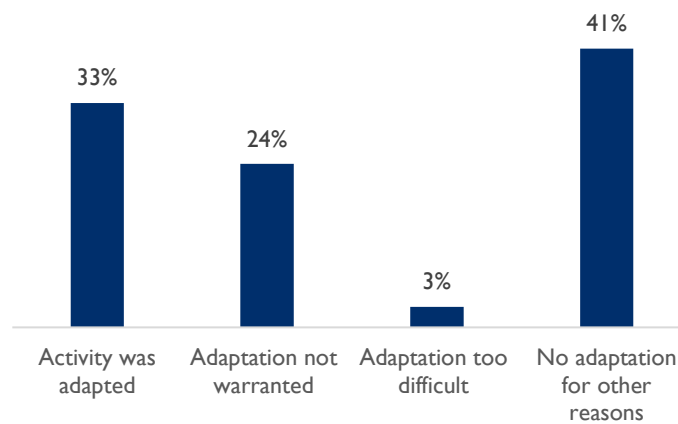
**DRG ACTIVITIES WERE MORE LIKELY THAN OTHER SECTORAL ACTIVITIES TO RESPOND TO PAC.** As discussed above, the majority (66 percent) of Mission-based AC activity leads believe the pandemic increased the risk of corruption in the public sector “a lot” or “somewhat.” However, only 33 of 101 activity managers indicated that their activities adapted to address PAC (**Figure 4**).<sup>8</sup> The remaining activities did not adapt; respondents reported that doing so was either not warranted (24 percent), too difficult (3 percent), or unnecessary for other reasons (41 percent). Additional reasons for activities not adapting to PAC included belief that other activities would adapt, scope limitations, recent

<sup>8</sup> This finding is based on the following survey question: Has the programming content, activities, or objectives of [ACTIVITY] been altered to address new COVID-19 enabled corruption challenges?

activity start-up, inadequate budget, short project lifecycle, ability of ongoing activity interventions to address PAC without adaptation, and belief that the activity itself was not affected by the pandemic.

Greater perceptions of PAC have a moderate positive correlation with adaptation. Of the 33 projects that adapted, 91 percent (30) of project managers said the pandemic increased corruption "a lot." By contrast, of the 68 projects that did not adapt, only 72 percent (49) said the pandemic increased corruption a lot. These patterns suggest greater levels of corruption spurred greater adaptation, although the correlation is not absolute, as there are many activity managers who perceived high levels of PAC yet did not adapt. Overall, these nuanced findings suggest that factors other than PAC drove adaptation, as we document elsewhere in this report.

**Figure 4: Did your activity adapt to address new PAC challenges? (n=101)**



Results from both the quantitative survey and the qualitative case studies indicate that DRG sector activities, whether or not they are dedicated to AC, were more likely to adapt to PAC than non-DRG sector activities. Of the 73 DRG activities covered in the quantitative survey, 27 (36 percent) adapted to PAC. By contrast, only 6 of the 28 non-DRG activities adapted (21 percent). Two of these activities were from the economic growth and trade sector, and one was from each of the following sectors: agriculture and food security; education, innovation technology and research; and gender equality and women's empowerment. Three of the six non-DRG activities that adapted included interventions focusing on e-governance, investigative journalism, and civil society organization (CSO) and media oversight – three program strategies that facilitated adaptation, according to both our quantitative and qualitative findings.

A starker pattern was observed among the 22 activities selected for the Mission case studies. Whereas 10 out of 10 (100 percent) DRG activities adapted to PAC, only 2 out of 12 (17 percent) non-DRG activities adapted. **Table 2** provides details on adaptations among the Mission case study activities.

**Table 2: Adaptations to PAC among Mission Case Study Activities**

ACTIVITY	CATEGORY	ADAPTED TO PAC?	ADAPTATION
Bangladesh Strengthening Households to respond to Development Opportunities (SHOUHARDO) III	Non-DRG Humanitarian	No	N/A
Bangladesh Alliance for Combatting Tuberculosis	Non-DRG Health	No	N/A
Bangladesh Prepare, Ready, Organize, Vaccinate, Advocate & Support for Health in COVID-19 Response	Non-DRG Health	No	N/A
Bangladesh MaMoni Maternal and Newborn Care Strengthening Project: Emergency Response to COVID-19 Pandemic	Non-DRG Health	No	N/A
BiH Investigative Journalism Program (IJP)	DRG Anti-corruption	Yes	Focused investigative journalism on COVID economic stimulus and hardship support initiatives intended for small businesses.
BiH Judiciary Against Corruption Activity (JACA)	DRG Anti-corruption	Yes	Procured new equipment and technology that facilitated the continued operation of courts under new health guidelines; provided new training and technical assistance to help prosecutors improve their response to new areas of corruption and handle more complex cases of organized crime and legal jurisprudence.
BiH Assistance to Citizens in Fight Against Corruption	DRG Anti-corruption	Yes	Focused CSO oversight and advocacy on COVID economic stimulus and hardship support initiatives intended for small businesses; increased support for private sector whistleblowers and addressed concerns over political party financing.
BiH E-Governance Activity	Non-DRG Economic Growth	Yes	Enhanced efforts to support systems that better track ministries' use of funds for targeted populations.



ACTIVITY	CATEGORY	ADAPTED TO PAC?	ADAPTATION
Indonesia CEGAH (CEGAH means “prevent” in Indonesian Bahasa)	DRG Anti-corruption	Yes	Six-month extension; helped the judiciary establish electronic hearings; increased support for the Corruption Eradication Commission (KPK) to compensate for cuts to its budget; helped Government complaint system facilitate identification and responses to complaints about the COVID response program for vulnerable people; enabled CSOs to monitor COVID social support programs; helped hospital managers prepare corruption risk mitigation plans that addressed COVID procurement; initiated and shared a survey of public opinion on COVID-related corruption with the government.
Indonesia Madani	Other DRG	Yes	Commissioned two surveys that included questions addressing the potential for corruption during the pandemic; one CSO targeted misinformation about COVID through a micro-website; CSOs facilitated community participation in management of recently created village funds; CSOs helped community health centers create feedback mechanisms on service delivery during the pandemic.
Indonesia Media Empowerment for Democratic Integrity and Accountability (MEDIA)	Other DRG	Yes	Adapted pre-existing AC components for journalists, citizen journalists and CSOs to areas of potential corruption during the pandemic, including COVID health procurement, management of recently created village funds, and distribution of COVID-related social assistance; defended journalists prosecuted for reporting on corruption during the pandemic.
Indonesia Economic Growth Support Activity (EGSA)	Non-DRG Economic Growth	No	N/A
Malawi Local Governance Accountability and Performance (LGAP)	Other DRG	Yes	Created ‘dashboard’ to capture resource flows/budget items of COVID health response at district level; worked with international non-governmental organizations (NGOs) to collect data for dashboard; Strengthened role of the National Local Governance Finance Committee to track, monitor, and report back on resource flows to local governments; provided TA to assist in the planning, information sharing, execution, and monitoring of district COVID response; developed and shared guidelines for harmonizing COVID health processes in local governments; hired pharmacists to prevent diversion of COVID vaccines in local districts.
Malawi Organized Network of Services for Everyone’s Health Activity (ONSE)	Non-DRG Health	No	N/A

ACTIVITY	CATEGORY	ADAPTED TO PAC?	ADAPTATION
Malawi Tackling Serious and Organized Corruption (TSOC)	DRG Anti-corruption	Yes	Provided cost extension for four years and \$13.4 million; brought new stakeholders and institutions into the activity; provided more support to investigative journalists and increased their collaboration with civil society; deepened support to law enforcement agencies to detect, investigate and prosecute strategic corruption cases; strengthened financial systems and anti-money laundering instruments; helped Malawi CSO Alliance pursue public interest litigation cases on corruption, lobby for greater parliamentary scrutiny of government spending, and promote AC initiatives with the private sector and non-traditional groups.
Malawi Government to Government Support through Embedded Staff in Three Districts	Non-DRG Health	Yes	USAID financed the hiring of auditors to work with the district councils.
Malawi Global Health Supply Chain	Non-DRG Health	No	N/A
Malawi Accelerating Support for Advanced Partners	Non-DRG Health	No	N/A
Nepal Civil Society: Mutual Accountability Project (CS:MAP)	Other DRG	Yes	Helped CSOs monitor and collect data on COVID-related spending and services; helped CSOs advocate against corruption in COVID spending and services; prepared publication guiding public complaints on corruption during COVID; trained journalists on investigative journalism focusing on COVID corruption; debunked misinformation on COVID prevention and treatment.
Nepal Niti Sambad	Other DRG	Yes	Conducted disinformation seminars for political representatives on vetting and dissemination of COVID information and news; helped government assure that vulnerable groups were protected and received COVID supplies; helped parliamentary committees draft COVID legislation that reflects best practices in promoting transparency, accountability, and participation.
Nepal Seed and Fertilizer Project (NSAF)	Non-DRG Economic Growth	No	N/A
Nepal Education COVID Response Activity	Non-DRG Education	No	N/A

The qualitative case studies provide several insights into why DRG activities, whether dedicated AC or not, may have been more likely than non-DRG activities to adapt to PAC. First, the ET found that DRG staff and leadership were concerned that PAC would undermine progress toward their sector's Development Objectives (DOs) and stifle achievement of activity objectives, whether or not they directly targeted corruption. In Missions with DRG activities and DOs that directly addressed corruption, both DRG sector and activity managers reported that they recognized the importance of changes in the environment for corruption. The potential negative impact of these changes on their sector and activities created an incentive for them to adapt the activities.

Second, DRG activities, including those that targeted corruption and those that focused on other governance issues, gave Missions readily available tools to address PAC. A good example of adaptation by DRG activities that targeted corruption is found in the BiH Mission. USAID BiH has a DRG DO focusing on corruption and three dedicated DRG anti-corruption activities. Managers identified and monitored how PAC impacted each of these activities and led the retargeting of interventions. Missions with DRG activities that focused on other governance issues used the governance focus of these activities to pivot to address institutional factors leading to increases in corruption (e.g., LGAP in Malawi, Niti Sambad in Nepal).

Third, in Mission case studies with DOs focusing on multiple sectors, the ET found that adaptations to PAC were undertaken primarily by DRG activities. DRG activities, including those that did not directly address corruption, such as Malawi LGAP and Nepal CS:MAP, rapidly and flexibly adjusted governance strengthening components aimed at supply and demand-side capacity building, awareness-raising, and advocacy to respond to PAC. Malawi LGAP, at USAID's request, produced a series of new corruption prevention and internal control interventions to respond to concerns about corruption at the local government level due to influxes of COVID-response funds, including a complete revision of the activity's annual work plan. Meanwhile, Nepal CS:MAP adapted initiatives designed to promote CSO public expenditure tracking of local governments to include tracking of COVID-related spending and services and reoriented advocacy efforts to focus on COVID-related spending and provision of services, among other adaptations.

On the other hand, non-DRG activities in the Bangladesh, Nepal, Malawi and Indonesia Missions largely did not adapt to PAC, despite general concerns over systemic corruption and some highly visible examples of PAC. Among activities in the health, humanitarian assistance, economic growth, and education sectors, managers and IPs were aware of PAC generally but did not perceive it as a threat to their DOs or activities. For example, in Bangladesh, respondents reported that PAC was not relevant to achieving humanitarian assistance and health activity objectives. They recognized that corruption was pervasive but noted their activities were already structured to mitigate against corruption, and they did not perceive heightened or new risks to their activities that would necessitate adaptation. One stakeholder of a Malawi health activity noted that PAC in the health sector "fell through the cracks" in the sense that managers of activities focusing on DRG and health each viewed corruption as the purview of the other.

In many cases, non-DRG activity respondents viewed adaptations to PAC as beyond the scope of their work and therefore did not prioritize designing or implementing such adaptations. Activities like Nepal NSAF and Malawi ONSA observed PAC such as procurement fraud for ventilators or missing medical

supplies, but they perceived it to be beyond the immediate focus of the activities and their core objectives.<sup>9</sup>

Health sector activities are illustrative of the importance of scopes of work in limiting adaptations, as respondents noted that USAID health assistance was conducted through its own supply chain parallel to the government's more corruption-prone supply chain. Malawi Health Office respondents reported that donors, including USAID, largely operate through a separately managed health supply chain apart from the government, which tracks more directly USAID funds, vaccines, and other health equipment.

Bangladesh Health Office officials made a similar point, emphasizing that they have comprehensive systems and regulations in place to ensure that corruption does not occur in the context of USAID activities. They emphasized that anything USAID procured was under its control and was conducted through its own processes and regulations. Bangladesh health activities developed their own mechanisms for tracking distributions. While these activities included a focus on health governance and institutions, respondents did not observe changes in the levels or nature of corruption during the pandemic. They reported that adapting to PAC was not necessary because it presented no additional risk.

In one Mission case study, however, health activity respondents did cite adaptations that not only supported host country government systems but also reduced corruption risks. USAID Malawi health workers directly embedded within district health offices identified financial risks created by government personnel shortages. As a result, USAID financed the hiring of auditors to work with the district councils in administering local health clinics. This suggests that such approaches to addressing corruption risks in health activities during emergencies are possible, even if they are not widespread.

**Recommendation 1: Set objectives and scopes for non-DRG activities that reflect an understanding of systemic corruption and the ability to respond to changes in corruption during emergencies.** During the design of non-DRG activities focusing on health, education, economic growth and humanitarian assistance, and other sectors, USAID should set objectives that reflect an understanding of systemic corruption in the sector and ensure that their scopes provide flexibility and incentives to adapt to increased corruption in individual sectors that might result from emergencies. In addition, and in recognition of the increasingly important role of national institutions and systems in planning for and responding to emergencies, the USAID ACTF, in collaboration with regional and technical bureaus, should develop guidance for mitigating corruption in the provision of public services critical to country-led emergency responses, based on the type of emergency and the expected public service response. Crisis modifiers and other emergency contingency plans should incorporate anti-corruption concerns as an explicit factor.

<sup>9</sup> The evaluators do not have enough information to determine whether COVID-associated corruption that could have impacted the program was present but went unnoticed or if, as respondents assert, changes in corruption were not relevant to the activities at issue and, therefore, did not warrant adaptations to programming.

**Recommendation 2. Provide non-DRG activities more guidance on how to integrate monitoring and adaptation to increased corruption risks that affect their objectives.**

During the pandemic, non-DRG activities did not effectively respond to significant corruption issues that affected achievement of their stated objectives. In many instances, a lack of flexibility from stated CDCS priorities prevented activities from adapting to PAC, but in other instances, a lack of attention or a failure to prioritize the risks posed by corruption led to inaction. In September 2022, the ACTF released the “USAID Guide to Countering Corruption Across Sectors,” which provides useful guidance on adapting to corruption risks across Mission portfolios. Based on our findings, we recommend that Missions:

- Integrate the insights and recommendations of the “USAID Guide to Countering Corruption Across Sectors” and subsequent USAID sector-specific AC integration handbooks in strategic planning, non-DRG activity design and implementation.
- Set cross-cutting non-DRG activity objectives that reflect an understanding of systemic corruption in the sector.
- Ensure that scopes for non-DRG public service-focused activities provide sufficient flexibility by Missions and/or CORs/AORs as well as incentives for adapting to increased corruption during emergencies. Scopes should include language that recognizes the potential impact of different types of emergencies on achievement of objectives. They should integrate crisis modifiers that delegate more authority to CORs/AORs to approve emergency adaptations, even if they affect achievement of these objectives. Contract language should emphasize opportunities for redirections if the Administrator approves an expedited procedures package.

**MISSIONS WHOSE ACTIVITIES RESPONDED TO PAC BASED THEIR ADAPTATIONS ON STRATEGIC PLANS THAT ADDRESSED COVID AND SCOPES OF WORK THAT PERMITTED SUCH ADAPTATIONS.**

**Missions relied on newly approved CDCS and existing activities to guide PAC responses.** Of the four case study missions that adapted to PAC, all four used their CDCS to guide the strategic response. Only the Bangladesh Mission did not adapt to PAC. Respondents associated with multiple Mission activities reported that adaptations to address PAC were in alignment with the objectives and results outlined in their CDCS. All five Missions released their new CDCS in 2020, in the early days of the pandemic. Missions acknowledged that the emerging and rapidly evolving global health crisis required flexibility in implementing their CDCS and could require modifications to the CDCS over time. Some Missions explicitly addressed early known impacts or anticipated impacts of COVID-19 in their CDCS and addressed at a high level how the strategy would respond to pandemic-related impacts and risks, including PAC. **Table 3** provides CDCS language from each Mission on adapting to COVID and PAC.

During the pandemic, none of the five Missions modified their CDCS to further reflect or adapt to COVID-related impacts, including PAC. Rather, the Missions relied on the flexibility built into their 2020–2025 CDCS frameworks to respond to PAC. For example, one USAID Indonesia staff member who helped draft the CDCS reported, “I have not seen any indication that the Mission would modify its CDCS strategy to account for changes during COVID. I think that no aspects of the strategy need to change.”

**Table 3: CDCS Guidance for Adapting to COVID and PAC**

MISSION	CDCS GUIDANCE FOR ADAPTING TO COVID AND PAC
Bangladesh	Included four strategic principles that it would use to select program priorities, one of which is whether it is “prescient and strategic in anticipating and mitigating the impacts of COVID-19.” The Mission reported that it had “already captured critical information related to COVID-19 impacts and plans to mitigate their effects on USAID investments and address gaps and opportunities for future programming,” noting that the Mission “is conducting ongoing stock-taking of COVID-19 impacts and will adjust the CDCS accordingly.”
BiH	“USAID’s existing and new activities envisioned under this CDCS will be well positioned to help restart the domestic economy, especially in rural areas, during and after the COVID-19 crisis.” One of the risk factors for success of DOI ‘Government Accountability to Citizens Strengthened’ is “Prolonged COVID-19 crisis in BiH, the Balkans, and the EU that closes borders and reduces economic integration.” “USAID/BiH will remain cognizant of these changes [in COVID prevalence and impact], tracking it with Embassy and USAID counterparts, to ensure the most up-to-date information is used for decision making.” “[D]uring the life of this CDCS, there is room to make more informed decisions and adjust the Mission’s response and activities to address the pandemic, secondary impacts, or any other issues that may emerge.”
Indonesia	“USAID recognizes the need for flexibility in responding to COVID-19 impacts, especially as Indonesia may well face a prolonged and uneven recovery period. USAID will review strategic assumptions early in the strategy period through project appraisals and designs. In that regard, the strategy provides enough flexibility to pivot and make programmatic adjustments.” One of the CDCS assumptions regarding COVID is that “corruption will increase and spread more broadly as the Government of Indonesia (GOI) makes significant resources available for recovery.”
Malawi	“This [CDCS] was developed and finalized in early 2020 as COVID-19 became a global pandemic. The Mission will use the next Portfolio Review and/or the CDCS midcourse stocktaking, as well as any other Agency mandated COVID-19 reviews, to make adjustments as necessary and relevant.”

**MISSION****CDCS GUIDANCE FOR ADAPTING TO COVID AND PAC**

Nepal

DO I, 'More Effective, Participatory and Equitable Democratic Ecosystem,' will work to "mitigate the impacts of COVID-19 in Nepal" by "support[ing] sub-national governments to be more participatory, accountable and transparent, and therefore more targeted, in their COVID-19 response, as well as make citizens aware of COVID-19 through information from CSOs and media." "[DO I] will also take into account the increasing challenges of youth, women, and marginalized communities and their growing vulnerability to trafficking." "The COVID-19 pandemic is perhaps the first real crisis and test for federalism in Nepal, requiring increased support from both the Government of Nepal (GON) and development partners to local governments to ensure the governance system's effectiveness."

**Activities that adapted to PAC stayed within their scopes of work.** Related to the above finding that DRG activities were more likely to adapt programming to PAC, almost all activities that made changes in programming did so within their original scopes of work, which they found to be sufficiently broad to allow for such adaptations. For example, Nepal CS:MAP did not adapt or amend high-level program objectives or overall strategies, but implementing partners did adapt program components (e.g., training, resource development, advocacy, and awareness campaigns) to respond to COVID-associated corruption and its evolving risks. Similarly, Indonesia CEGAH adapted program components to respond to PAC. These adaptations included supporting government institutions to respond to PAC; allowing CSO partners to refocus AC monitoring and advocacy activities around the delivery of COVID social services; and including GOI public opinion surveys and CSO policy recommendations focused on PAC in advocacy for health system procurement and social aid. Other examples of adapting to PAC within the original scopes of work include Indonesia MEDIA, Nepal Niti Sambat (policy dialogue), and BiH JACA.

During the pandemic, two of the four Missions that adapted to PAC, Malawi, and Indonesia, added time and money to ongoing AC activities both to implement their CDCS and address PAC. The most significant of the modifications were those made by USAID Malawi, which contributed funding to the British Foreign, Commonwealth and Development Office-managed TSOC Activity, adding four years and \$13.4 million to the project in 2020. This funding advanced the Mission's DO I, "Public sector is more accountable and effective at national and decentralized levels." It also targeted PAC. The extra funding allowed the activity to modify its scope to increase support for detecting, investigating, and prosecuting corruption cases and strengthening financial systems and anti-money laundering instruments. It increased support to CSO efforts to pursue public interest litigation cases on corruption; lobby for greater parliamentary scrutiny of government spending; and promote AC initiatives with the private sector and non-traditional groups, such as the Catholic Church. USAID Indonesia added six months to the CEGAH AC activity, which was closing in early 2021, to implement PAC adaptations and prepare for the initiation of the Indonesia Integrity Initiative (INTEGRITAS), the follow-up AC activity under the new CDCS.

The ET did not identify any crisis modifiers in the scopes of the five Mission case study activities. Such modifiers could have facilitated the use of COVID funds for anti-corruption. While no DRG activities



received COVID funds, some of the health activities, such as Malawi ONSSE, received them. However, they did not use the funds for AC purposes.

**FOUR TYPES OF ADAPTATIONS RESPONDED TO PAC.** The four types are public procurement (especially COVID-related equipment), supplies, medicines, and vaccines. Of the 22 activities studied, five DRG AC, three other DRG activities, and one non-DRG activity identified and responded to issues with fraudulent public procurements, specifically those related to the purchase of COVID-related equipment, supplies, medicines, and vaccines by national and local host governments. Many of these procurements occurred in a context of increased or redirected funding (external and internal), relaxed procedures due to declarations of emergency,<sup>10</sup> and erosion of internal control and external oversight capacity due to reduced on-site monitoring and human resources challenges.

DRG activities responded to these concerns with increased technical support to more transparent and traceable procurement processes, including e-procurement and vendor registration systems. Missions with national level public administration activities incorporated this focus during the pandemic, while non-DRG activities that did not have an expressly stated procurement scope largely did not adapt, despite their dependence on public procurement systems. One DRG AC activity that adapted its support for government institutions on procurement was the Indonesia CEGAH activity. According to one respondent, CEGAH refocused its government procurement training component on hospital procurement training to meet the special requirements of procuring ventilators, personal protective equipment, and vaccines. The training helped hospital managers prepare corruption risk mitigation plans that addressed COVID procurement. Another DRG AC activity that adapted to procurement corruption during the pandemic is the Malawi TSOC activity, which worked with the government to strengthen the capacity of the Ombudsman to provide oversight of pandemic-associated procurement.

Respondents highlighted adaptations that digitized the procurement process. As one respondent from the BiH E-governance activity explained, “The activity is more focused now on advancing the digitalization of financial and procurement-related data and increasing data accessibility via electronic platforms. It is advancing self-control mechanisms within the e-procurement platform that regulates and controls the public procurement process with the minimal needed intervention by the procurement staff (e.g., red flags and stops that do not allow continuation of the procurement procedure if there are any violations of the regulation).”

**Prosecution and judicial support activities focusing on PAC priorities.** Of the 22 activities studied, three DRG AC activities adapted prosecution and judicial support interventions to focus on PAC priorities, including investigating fraudulent procurements and prosecuting complex fraud cases. In BiH, JACA developed new training and technical assistance for prosecutors during the pandemic to help them improve responses to new areas of corruption and more complex cases of organized crime and legal jurisprudence, including EU law on organized crime and corruption in public procurement. Malawi TSOC increased its funding and support for financial management and investigations and prosecutions of corruption and complex organized crime cases. Indonesia CEGAH responded to reduced funding for the judiciary during COVID by helping it institute online justice proceedings.

<sup>10</sup> Most countries implemented an emergency protocol that eliminated procurement requirements, such as thresholds of vendor experience and minimum number of bids.



**Local government distribution of COVID equipment and supplies, social assistance, cash transfers and economic stimulus payments for SMEs.** Of the 22 activities studied, two DRG governance activities supported local government and decentralized service delivery. They targeted assistance to frontline workers and local institutions, including local government offices charged with disbursing personal protective equipment and other COVID response equipment, as well as social assistance, cash transfers and economic stimulus payments for SMSEs. During the pandemic, the financial and logistics management responsibilities of local and village governments increased tremendously. However, they lacked the personnel, systems, and skills to manage COVID social assistance funding and goods.

In response, the two activities, Malawi LGAP and Indonesia Madani, built the capacity of national and local government agencies to target, implement, and control these programs. Malawi LGAP provided technical assistance on financial management and helped provide appropriate staff for local governments to improve their transparency and accountability. The activity provided district-specific technical assistance to support in the planning, information sharing, execution, and monitoring of the COVID response. Indonesia Madani adapted its support for local government budget transparency regarding large-scale resources provided during the pandemic (village funds). One respondent reported that the activity modified the work of two CSOs working on budget transparency and community participation to address increases in the size of village funds.

**Civil society and media monitoring of COVID social assistance and business support programs and responding to mis/disinformation.** Three of the four Missions that adapted to PAC increased support to civil society and media activities. Their purpose was to strengthen the capacity of CSOs, citizen journalists, and professional journalists to monitor social assistance and business support programs. Nepal CS:MAP helped CSOs conduct COVID-specific expenditure tracking and monitor distribution of services and relief materials across the country, especially in marginalized communities. The activity adapted investigative journalism training by focusing on coverage of corruption related to COVID spending and service delivery. Indonesia MEDIA built the capacity of citizen journalists to identify and report on potential corruption at the village level in the delivery of COVID social assistance. According to one respondent, the activity trained citizen journalists on safety and encouraged them to work with professional journalists who could protect them and publish their reports in the local media. BiH IJP trained journalists to track pandemic-associated public spending, particularly COVID social assistance.

One DRG AC activity focused on investigative journalism and one general DRG media activity enhanced the ability of investigative journalists to monitor, investigate and report on COVID-related procurement, some of which resulted in prosecution of senior officials. In BiH, respondents indicated that donor support to investigative journalism, including through IJP, helped uncover corruption in COVID procurement. Indonesia MEDIA helped journalists make a documentary building on their research that identified potential corruption in the procurement of COVID vaccines and test kits.

USAID provided support to CSO capacity-building activities, which encouraged CSOs and media to collaborate in monitoring COVID-related procurement. In Indonesia, one DRG AC activity and two other DRG activities helped a CSO make policy recommendations on health system procurement, share its findings with investigative journalists, and advocate for government responses. In Nepal, CS:MAP supported CSOs and media to collaborate on monitoring and reporting on COVID-related

procurement, as well as on evidence-based advocacy aimed at enhancing transparency and accountability throughout the process.

One DRG AC activity and one other DRG activity modified interventions to help citizens complain about corruption and other abuses during the pandemic. Indonesia CEGAH helped the government add a COVID filter to its electronic corruption complaint system, which enabled it to identify and respond quickly to complaints about COVID programs. Nepal CS:MAP educated citizens on filing corruption complaints through a mobile application, as well as through other digital channels.

Three DRG AC activities and one other DRG activity helped CSOs and media combat dis/misinformation about COVID and government responses. For example, Nepal CS:MAP supported awareness-raising activities about government misuse of funds and supplies and other forms of corruption, as well as outreach campaigns promoting vaccinations and debunking misinformation about harmful practices labeled as effective treatments for COVID. Nepal Niti Sambad initiated a “radio response to COVID-19 program” featuring elected officials sharing information about COVID and working to counter misinformation. The activity conducted disinformation seminars for political representatives on responsible vetting and dissemination of information and news related to COVID.

**Recommendation 3: Mitigate corruption risks in public administration of emergency-response funds through enhanced public financial management support.**

Public financial management and governance support (i.e., procurement, budgeting, financial management, audit) to national and subnational governments was a critical need during the COVID response, as large influxes of funding aimed to enhance public service delivery occurred across sectors. Across countries, increased risks of corruption were evident, and public financial management systems at the national and subnational level were strained to capacity. In addition, statements of emergency and other measures resulted in the relaxing of procurement laws intended to mitigate corruption. Compounding the issue, activities that relied on USAID procurement systems, such as health supply chain activities, lacked the incentive to address PAC in host government procurement systems. The ACTF should develop tools to help Missions implement the guidance on procurement and financial management in the “USAID Global Health Anti-Corruption Integration Handbook.” Missions should design activities and interventions complementary to emergency response by addressing prevention of corruption in procurement and across public financial management systems, with a particular, but not exclusive, focus on emergency contexts, including:

- Reviewing and improving procurement laws and regulations
- Strengthening government-wide procurement systems
- Strengthening host-government health sector procurement systems
- Adapting government complaint mechanisms to expedite responses to complaints on corruption associated with emergencies
- Helping governmental, civil society, and media organizations to monitor government procurement and access effective complaint mechanisms

**IN RESPONDING TO PAC, PROJECT TEAMS TOOK ADVANTAGE OF USAID CONTRACT AND GRANT FLEXIBILITIES INTRODUCED DURING THE PANDEMIC.** For all of the activities that adapted programming in response to PAC, staff reported that they took advantage of existing and new USAID contract and grant flexibilities, including in the following areas: adapting program activities

and revising workplans; shifting or redirecting funds to reflect activity adaptations; modifying and/or extending agreements and contracts to allow more time for implementation; allowing remote work and flexible working hours for staff; transitioning activities to virtual platforms; and adapting monitoring and oversight practices to reflect COVID-related restrictions. Contracting officers appear to have collaborated well with Contracting Officer's Representatives (CORs)/Agreement Officer's Representatives (AORs), helping them use their authority to seek information and expedite decisions at the Contracting Officer level. Respondents applauded USAID's flexibility in approving these changes quickly. Indonesia CEGAH partners reported that USAID expedited approval of necessary changes. For example, when the judiciary could no longer hold in-person hearings due to COVID, the COR worked with other USAID officials to quickly approve an implementing partner proposal that enabled CEGAH to help the judiciary establish electronic hearings.

In most cases, CORs/AORs had adequate authority to approve adaptations, such as changes in work plans. The inclusion of crisis modifiers in the scopes would have facilitated their capacity to guide and approve such adaptations. They would have benefited from having increased authority to approve work plans that were slightly outside their activity's normal scope but within the limits set out by the scope's crisis modifiers.

Respondents indicated that while some changes in programming and equipment purchases were required to respond to the pandemic, these changes did not require protracted contract modifications. Instead, when necessary, Missions quickly made contractual redirections, taking advantage of existing flexible budget lines and provisions for extraordinary circumstances in the contracts. One basis for expediting these redirections was the USAID Administrator's "Expedited Procedures Package for Responding to Outbreaks of Contagious Infectious Diseases," which was approved on March 24, 2020.<sup>11</sup> Among other authorities, the Expedited Procedures Package authorizes the use of other than full and open competitive procedures when issuing or modifying contract awards to respond to a contagious infectious disease outbreak. Respondents pointed to expedited approvals by the Mission Director, Regional Legal Advisor, and a special body with USAID/Washington established to review redirections associated with the pandemic.

In sum, Missions were generally aware of the impact of PAC on their activity portfolios but chose to adapt their DRG activities more often than their non-DRG activities. Those Missions that facilitated activity adaptations frequently based them on analyses and plans contained in their CDCS, many of which were released in the early days of COVID. Both DRG and non-DRG activities that adapted generally stayed within their scopes of work but made appropriate changes in contracts and workplans. Such changes were facilitated by flexibility in USAID contract and grant management introduced during the pandemic, including those contained in the Administrator's expedited procedures package. Activity adaptations responded to four main areas of corruption associated with the pandemic: public procurement; prosecution of crimes associated with PAC; local government administration of COVID programs; and civil society and media monitoring of these programs.

<sup>11</sup> USAID, "Determination and Findings (D&F): Authorization for the Use of Other than Full-and-Open Competition in the Award or Modification of Contracts," August 24, 2020, [https://www.usaid.gov/sites/default/files/2022-05/EPP\\_Infectious\\_Disease\\_Outbreaks.pdf](https://www.usaid.gov/sites/default/files/2022-05/EPP_Infectious_Disease_Outbreaks.pdf)

## **EFFECTIVENESS OF ADAPTATIONS TO PAC (EQ 2)**

**THE ET COULD ASSESS THE EFFECTIVENESS OF ACTIVITY ADAPTATIONS IN IMPROVING PUBLIC RESOURCES MANAGEMENT BUT HAD MORE DIFFICULTY ASSESSING THEIR EFFECTIVENESS IN PREVENTING OR MITIGATING PAC.** The ET found the effectiveness of adaptation to PAC difficult to measure. Three limitations restricted our ability to measure effectiveness.

1. Performance indicators, corruption indices, and other data, when they were available, provided a partial picture that tended to indicate correlation rather than causation. In addition, governments report official data on corruption for the Mission case study countries on a lagged basis. The data did not measure the impact of USAID’s interventions in 2021–2022. While corruption indices address corruption that occurred during the pandemic, they do not address corruption associated with the pandemic specifically.
2. The ET could not rely upon activity performance indicators to assess the effectiveness of PAC adaptations. All of the activities that adapted to PAC measured activity progress against their performance indicators, not against measures of corruption. None of the activities put in place new performance indicators key to addressing PAC. Given that the ET could not empirically measure the effectiveness of activities, approaches, and techniques in addressing PAC, we used KII respondent perspectives and anecdotes as well as survey responses as a proxy.
3. Even using the KIIs and survey, the ET could not assess the effectiveness of all activities that adapted to address PAC. BiH e-Governance and Indonesia MEDIA started up in 2020, so some of the interventions had not yet started by the time of data collection in 2022. Several respondents who managed activities that began before 2020 reported that some of the adaptations were too nascent to measure their effectiveness in addressing PAC. Consequently, they shared few comments and anecdotes on the effectiveness of these adaptations.

Despite these limitations, respondents identified a range of interventions across activities that they believe may have had positive impacts on PAC. For the five DRG AC activities, five other DRG activities, and two non-DRG activities that adapted, anecdotal accounts noted that four interventions were effective in strengthening systems for addressing PAC. These interventions were effective in terms of short-term results, stakeholder coordination, government buy-in, and network building, even if data attributing them to decreases in PAC or corruption were not available. In the following sections, the ET assesses the effectiveness of adaptations for four categories of interventions:

1. Collaboration among CSOs, journalists, and prosecutors
2. Technical assistance to strengthen procurement processes and civil society procurement monitoring
3. Technical assistance to local governments and CSO monitoring of COVID subsidy programs
4. Technical assistance to electronic complaint mechanisms regarding COVID subsidy programs

**COLLABORATION AMONG CSOS, JOURNALISTS, AND PROSECUTORS APPEARED TO INCREASE THEIR EFFECTIVENESS IN IDENTIFYING AND RESPONDING TO PAC.** One adaptation to PAC identified by respondents appeared effective: strengthening collaboration among

CSOs, journalists, and prosecutors. Indonesia MEDIA built the capacity of the public interest media, citizen journalists, and CSOs to contribute to transparency and accountability. A CSO partner reported, “Our most effective activity is when we are supporting a journalist and media to make an investigative report related to corruption and also the work of the citizen journalist who is able to make real changes in their society or in their community because of their reports.” Indonesian civil society respondents signaled positive developments, such as the increase in private sector whistleblower collaborators and renewed concerns over political party financing, which resulted in increased collaboration among stakeholders during the pandemic. In BiH, journalists supported by IJP revealed the larger scandals surrounding procurement of ventilators. The ultimate investigation/prosecution of these crimes, supported by the JACA, resulted only from the pressure applied by CSOs supported by Assistance to Citizens in Fight Against Corruption after the publication of the journalists’ findings.

**Recommendation 4. Invest in strengthening watchdog CSOs and investigative journalists and adapt these activities to emergency conditions.** To respond to the fluid, opportunistic nature of corruption during emergencies, Missions should ensure continued investment in activities that support watchdog CSOs and investigative journalists to monitor, investigate, and publicize public-sector corruption. During emergencies, DRG and non-DRG activities should increase their support to CSOs and media to investigate corruption in areas such as procurement, economic subsidies, and other government-led initiatives that are at increased risks of corruption at both national and subnational levels, especially recognizing the need for nimble analysis and tracking of often unchecked public and donor-led investment in areas of need.

**TECHNICAL ASSISTANCE TO STRENGTHEN PROCUREMENT PROCESSES, COMBINED WITH SUPPORT FOR CIVIL SOCIETY PROCUREMENT MONITORING AND JUSTICE SYSTEM ENFORCEMENT OF AC LAWS, APPEARED TO IMPROVE PROCUREMENT PROCESSES BUT MAY HAVE HAD A LIMITED IMPACT ON REDUCING PAC.** Technical assistance appeared to have improved procurement processes. **However, there is inadequate evidence to assess its effectiveness in reducing PAC in procurement.** Technical assistance to procurement agencies during the pandemic appeared to have improved the procurement process for COVID equipment and supplies, but its impact on corruption could not be measured. Two activities provided direct support to procurement entities and government oversight bodies. According to respondents, Malawi LGAP’s technical assistance to internal and forensic audits was helpful in re-establishing procedures for procurements. However, they noted that the activity closed too soon to identify the impact of these audits on preventing or mitigating corruption or PAC. Similarly, Malawi TSOC built the procurement oversight capacity of the Anti-Corruption Bureau, but respondents believed that this intervention did not have much impact on PAC. However, respondents observed that TSOC’s support for a new system that creates digital certificates and a performance database for vendors showed some promise in reducing corruption in procurement of COVID equipment and supplies.

**Civil society and media capacity building interventions helped identify potential procurement fraud but appeared to have a limited impact on preventing and responding to PAC in procurement.** In three of the four Missions that adapted, support to civil society watchdogs and media to monitor and investigate fraud in pandemic procurements helped them uncover corruption and pressure government to investigate and prosecute. Mission activities funded and enhanced the capacity of CSOs, the media, and investigative journalists to monitor and report on procurement. The

activities Nepal CS:MAP, BiH IJP, and Indonesia MEDIA trained journalists and CSOs to monitor and report on pandemic-associated procurement. According to its final report, Nepal CS:MAP's support for journalists and CSOs provided "Nepali CSOs and the media with the resources, incentives, and coordination platforms they needed to promote coordination between citizens, CSOs, and the media for effective monitoring and oversight of public resource use and public service delivery."

CSO oversight may have discouraged government officials from abusing the procurement process. Indonesia CEGAH raised awareness of corruption and AC measures during the pandemic through increased CSO monitoring of the GOI's pandemic response, especially COVID procurement. Given that Indonesians were concerned about increased corruption risks during the pandemic, CEGAH's support for CSO monitoring may have led GOI officials to believe that corruption was heavily monitored. According to one respondent, the activity contributed to oversight of the GOI, helping to reduce its tendency to use the emergency to justify relaxation of corruption controls.

Journalist training in BiH appeared to have contributed to holding the government accountable for COVID procurement abuses. Journalists supported by BiH IJP focused on tracking and monitoring of COVID-response public spending, including procurement. Multiple respondents indicated that IJP's support to investigative journalism during the pandemic was essential to uncovering corruption in procurement and pressuring the government to investigate and prosecute. In addition, support to citizen initiatives to raise public awareness on issues of corruption, combined with support to independent media, appeared to increase the visibility of corruption issues related to the pandemic.

**Support to the justice system for enforcement of AC laws related to procurement appears to have had a mixed impact on the effectiveness of corruption prevention interventions during the pandemic.** Some efforts to strengthen enforcement of AC procurement laws appeared effective at addressing PAC, while others seemed to have had disappointing results. Malawi TSOC's approach to strengthening investigation and prosecution of procurement corruption during a four-year project extension appeared effective. The activity deepened its support to law enforcement agencies to detect, investigate and prosecute strategic corruption cases. According to respondents, these efforts contributed to several high-profile corruption prosecutions for procurement abuses and increased public awareness of the risks of PAC.

On the other hand, BiH JACA's approach to addressing PAC did not appear to be effective. The activity provided new training and technical assistance for prosecutors during the pandemic to help them improve responses to new areas of corruption and handle more complex cases of organized crime and legal jurisprudence. Respondents indicated that PAC cases and complaints in BiH were not fully investigated or prosecuted and that many implicated officials remained in their positions. The difference in results for the two activities may be explained by the unique political environments of Malawi and BiH and the degree to which their governments are accountable for corruption in procurement.



**Recommendation 5. Accelerate support to justice sector institutions during emergencies to ensure adequate response to corruption.** Investigations, prosecutions, and judicial functions can be limited during emergencies, especially those such as the COVID pandemic where movement is restricted. This hampers the ability of the state to fully respond to corruption allegations. Missions should heighten their support to justice institutions to adapt to restrictive operating conditions during emergencies, including support to virtual hearings, mobile brigades, and advanced trainings on procurement and other complicated areas of corruption investigation and prosecution. Support for justice sector institutions should be reinforced by support for civil society/media accountability strengthening (see Recommendation 4).

**DIRECT TECHNICAL ASSISTANCE TO LOCAL GOVERNMENTS AND SUPPORT FOR CSO MONITORING APPEAR TO HAVE EFFECTIVELY REDUCED SYSTEMIC WEAKNESSES IN MANAGING COVID SUBSIDY PROGRAMS, ALTHOUGH THERE WAS NO EVIDENCE THAT IT PREVENTED OR MITIGATED PAC.** Government economic subsidy programs were a common response to the second-order impacts of the pandemic. USAID Missions offered support to these programs in varying forms but often observed that they were prone to corruption and diversion of funds.

Some approaches to strengthening local government management of pandemic-associated funds appear to have been more effective than others. For three of the four Missions that adapted to PAC, local governments were frontline actors in supporting COVID responses to affected local populations. In Malawi, Indonesia, and Nepal, authority for the provision of many public services was devolved to local governments. These governments received a large influx of national (and donor) funds to reach those most in need. To mitigate increases in PAC risks among local governments responsible for executing these dramatic increases in funding, USAID activities used two main tactics: 1) provide direct assistance to local governments to improve financial tracking and reporting systems and internal and forensic audits; 2) build the capacity of CSOs to advocate for improved local government accountability. Malawi LGAP used the first tactic, while BiH IJP and Assistance to Citizens in Fight Against Corruption and Indonesia Madani used the second.

**Technical assistance to local governments appears to have addressed effectively systemic weaknesses in management of pandemic-associated funds.** Although direct assistance to local governments appeared to be an effective approach to addressing systemic weaknesses in management of a large influx of pandemic-associated funds, its contribution to fighting PAC was not demonstrated. Local governments needed administration and financial management capacity building support to help them handle the influx of funding, respond to increased public service delivery demands and mitigate PAC risks. For instance, stakeholders observed that Malawi LGAP's assistance to local governments during the pandemic helped address systemic weaknesses that enabled corruption. LGAP supported financial tracking and reporting systems at the local government level and re-established internal and forensic audit procedures for procurements and financial record-keeping. However, LGAP closed in 2021, not allowing measurement of its impact on corruption or the sustainability of its pandemic-response interventions.

**Strengthening the capacity of CSOs to increase citizen and social accountability for pandemic-associated funds appeared to have improved local government effectiveness, but there was little evidence on whether it impacted PAC.** When CSOs partnered with local

governments in managing new revenues and programs, respondents believed that they increased the effectiveness of these governments. However, in BiH, the efforts of CSOs and journalists supported by IJP and Assistance to Citizens in Fight Against Corruption to monitor and oversee local government management of pandemic funds did not lead to prevention, investigation or prosecution of PAC. Stakeholders reported that CSOs and journalists had difficulty tracking results centrally. Respondents reported that well-connected businesses were more likely to receive the stimulus support and that local canton governments had not conducted inspections of whether the intended recipients received the funds.

On the other hand, Indonesia Madani was able to document that building the capacity of CSOs to advocate for improved local government accountability contributed to improving delivery of government services as well as CSO relationships with government. However, the ET found little evidence that this tactic resulted in the prevention or reduction of PAC.

According to respondents, the effectiveness of CSO monitoring, advocacy, and awareness-raising in addressing PAC depended on whether the government was interested in responding to CSO concerns. CSO monitoring, advocacy, and awareness-raising regarding COVID subsidy programs showed mixed effectiveness in preventing and responding to PAC. The ET found that CSO monitoring and advocacy tactics had the potential to prevent corruption in these subsidy programs. However, we concluded that their effectiveness in preventing corruption depended on several factors, including the willingness and capacity of government to provide relevant information. One respondent reported that CSOs supported by Indonesia Madani could not access distribution information for the COVID social assistance fund. Nevertheless, they did verify that some social assistance went to politically important persons at the village level.

Indonesia CEGAH allowed CSOs to change their AC advocacy activities from monitoring corruption generally to monitoring the implementation of the COVID social support programs. A grantee reported that with CEGAH support it monitored the procurement and distribution of social support for a year and made recommendations to the Ministry of Social Affairs on preventing corruption in the program by replacing food with cash assistance. Adjustments of legal assistance interventions, such as those administered by the local BiH Transparency International chapter, were effective at increasing public attention on corruption complaints related to procurement, health services, economic stimulus funds, and other areas of high importance during the pandemic.

The ET was unable to judge the effectiveness of some tactics targeted at PAC in COVID subsidy programs. Monitoring, advocacy, and awareness-raising were among the tactics used by Nepal CS:MAP to address PAC. Implementing partners conducted COVID-specific monitoring of distribution of relief materials, especially in marginalized communities. They engaged in collective monitoring and advocacy related to COVID-related spending and service provision, in an effort to boost transparency and hold governments accountable. CS:MAP adapted awareness-raising activities that included information campaigns about government misuse of funds and supplies and other forms of corruption. The activity did not collect evidence regarding the impact of these tactics on PAC.

In the one case where an activity provided technical assistance to a government subsidy program, it was less effective than CSO support in addressing PAC. Indonesia EGSA provided advice to the GOI on the targeting of COVID support for businesses, consumers, and low-income households but did not provide



recommendations on program controls or prevention of abuse. Such advice did not address PAC effectively.

**Recommendation 6. Increase support to subnational/local governments as an effective way to improve local public service delivery across sectors and to prevent and respond to corruption associated with increased funding of local governments during emergencies.** Providing public administration support to subnational governments was a critical need during the COVID response, as local governments around the world received large influxes of funding (national and donor) aimed to enhance public service delivery. In its DRG Anti-Corruption Integration Handbook, the ACTF should provide guidance on strengthening local governments' capacity to prevent and mitigate corruption during emergencies. Missions whose portfolios include local governance and public service activities should ensure that local government partners receive adequate technical support to mitigate corruption risk from the administration of emergency increases in funding. In addition, Missions should endeavor to maximize coordination at the local level of interventions to strengthen implementation of AC interventions across sectors and activities during emergencies.

**EVIDENCE WAS INADEQUATE TO ASSESS THE EFFECTIVENESS OF TECHNICAL ASSISTANCE TO ELECTRONIC COMPLAINT MECHANISMS IN ADDRESSING SUBSIDY PROGRAM PAC.** Electronic complaint systems helped governments respond to citizen complaints on COVID subsidy programs, but the impact on PAC could not be measured. Respondents identified electronic systems as promising mechanisms for facilitating complaints about potential PAC in subsidy programs. However, they could not determine whether such systems were effective at reducing PAC itself. For example, Indonesia CEGAH adapted its ongoing support to the Ministry of Administrative and Bureaucratic Reform for the government's electronic corruption complaint system by helping the Ministry add a filter that identified and facilitated responses to complaints about the COVID subsidy programs. One government official reported, "The lists of poor people were inaccurate, resulting in undistributed or inadequate aid. [The electronic complaint system] received complaints about this and other abuses of power in implementing the social assistance program. That [was] the system's main role during the pandemic." The impressive results of the CEGAH intervention were restricted to resolving individual complaints about the subsidy program but did not address PAC directly.

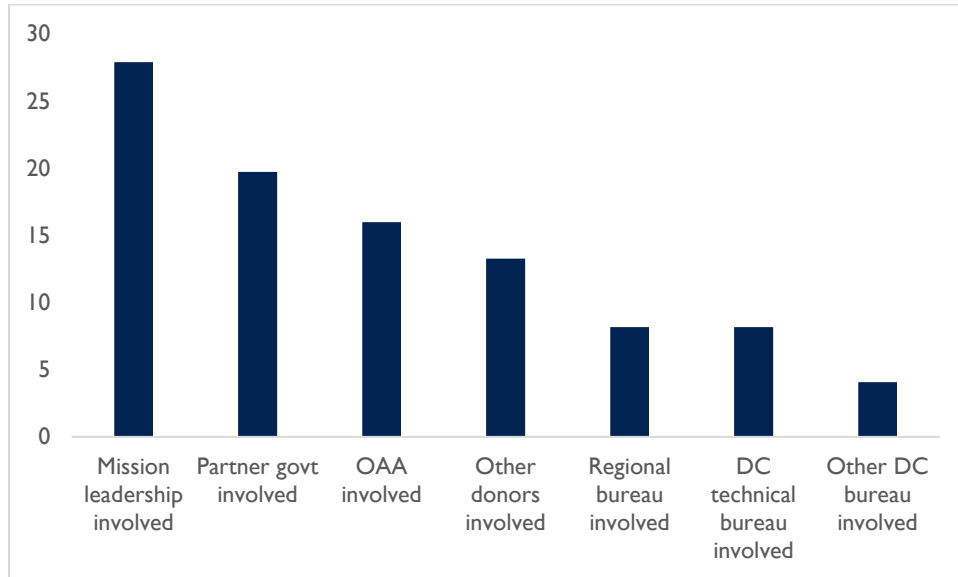
In sum, the ET was unable to identify the most effective approaches to addressing PAC but found promising approaches to improving management of public resources during the pandemic. One effective approach was providing technical assistance to improve procurement processes. Another effective approach was to build the capacity of civil society and media to monitor and identify potential procurement fraud. The effectiveness of support to the justice system for enforcement of anti-corruption laws was dependent upon political will to address corruption, among other factors. For COVID subsidy programs, technical assistance to local governments and CSO oversight capacity building were effective approaches for addressing systemic management weaknesses. Support for electronic corruption complaint systems was an effective means of resolving COVID subsidy program complaints.

### **COORDINATION OF ADAPTATIONS ACROSS STAKEHOLDERS (EQ 3)**

**MISSIONS COORDINATED MORE OFTEN INTERNALLY THAN EXTERNALLY ON ADAPTATIONS OF ACTIVITIES TO PAC.** The survey found that activities coordinated adaptations to PAC internally more often than externally. For the 33 (out of 101) activities that adapted to address

PAC, we asked respondents to assess the degree to which the adaptations were coordinated with other internal and external stakeholders. The results indicate that activity leads coordinated adaptations primarily with Mission leadership (28 activities). To a lesser degree, they coordinated adaptations with partner governments (20 activities), the Office of Acquisition and Assistance (16 activities), and other in-country donors (13 activities). Activity leads coordinated with regional and D.C.-based technical bureaus in only about eight adaptations each. Coordination with partner governments was likely limited to seeking approval for modifications of activities under bilateral country agreements.

**Figure 5: Coordination with Internal and External Stakeholders (n=33)**



While the survey found that 13 out of 33 activity managers coordinated PAC adaptations with in-country donors, KII respondents from three of the five Missions noted that donor coordination bodies did not normally address corruption. Only KII respondents from Nepal and Malawi reported that they discussed PAC adaptations formally with other donors at the national level. One of the Nepal donor groups, the Federalism Working Group (which brought together diplomatic agencies and donors working on federalism-related reforms/initiatives) discussed PAC issues. One respondent recalled that participants used this platform to discuss PAC issues on multiple occasions. In Malawi, a donor group went beyond discussing PAC issues to coordinate responses to PAC. In that group, USAID gained a commitment from the International Monetary Fund and World Bank public financial management programs to support government auditing and AC functions that complemented USAID-funded AC activities.

While USAID Missions and embassies continued their formal coordination mechanisms during the pandemic, these mechanisms rarely addressed corruption or PAC. The ET identified only one AC coordination mechanism among the Missions evaluated: the U.S. Embassy in Indonesia invited USAID representatives to an AC working group. However, the group focused on corruption investigations and prosecutions more broadly, not PAC specifically.

Government coordination bodies in the five Mission case studies did not address PAC. In Indonesia, the KPK had not coordinated donor AC activities and interventions for over five years.

Mission-wide activity review mechanisms addressed corruption effectively, but only when corruption was an activity objective or component. Standard Mission-wide activity review mechanisms examined implementation of interventions addressing corruption, but only for those activities that included corruption as an objective or component. They did not review AC interventions in activities where corruption was a cross-cutting concern. In Indonesia, USAID had a well-developed system of semi-annual portfolio reviews. According to respondents, these reviews did not address corruption or PAC as a common theme for activity review. USAID Bangladesh had an ongoing portfolio review mechanism as well as coordination and review mechanisms established in response to emergencies. However, respondents could not recall any of these mechanisms addressing corruption or PAC in their activity reviews.

One local-level coordination mechanism missed the opportunity to coordinate on PAC. The Indonesia Mission had a well-developed portfolio review and coordination system for its implementers and partners in the eight targeted provinces. According to respondents, none of the provincial management teams shared information on or coordinated responses to corruption or PAC.

USAID DRG partner coordination and activity monitoring mechanisms were the most important Mission-level coordinating bodies to address PAC. In Nepal, the USAID-led Democracy and Governance Partners Forum served as a platform for implementing partners to discuss PAC issues and programmatic responses. In BiH, USAID DRG activities and partners held regular coordination meetings, including with experts, to consolidate information for the investigation and prosecution of a respirator procurement case.

**Recommendation 7: Enhance USAID leadership among government and donor partners in addressing corruption.** Among the Mission case studies, the ET found little evidence of coordination on corruption issues with governments and the donor community. The absence of coordination on corruption was an obstacle to addressing the manifestation of the issue during the pandemic. What little coordination on PAC occurred was within USAID’s DRG portfolio, within DRG activities and among CSOs.

Based on these findings, we recommend that:

- Missions encourage donor groups to include corruption as a permanent area of focus. During emergencies, Missions should ensure that donor groups discuss corruption risks and responses.
- Missions, in collaboration with U.S. Embassies, should facilitate the creation of standing AC coordinating bodies that convene embassies, donors, government, civil society, and regional institutions to address corruption at the national and sub-national levels. Missions should ensure that these bodies convene to address corruption during emergencies.

**ACTIVITY TEAMS COORDINATED EFFECTIVELY BOTH INTERNALLY AND EXTERNALLY ON PAC ADAPTATIONS.** Of all the mechanisms for coordinating PAC information and responses, USAID activities were the most effective. Although they did not normally coordinate through formal donor groups, these activities coordinated both externally among USAID and other donor activities and internally among their implementers. For example, respondents reported that Malawi LGAP led coordination with USAID and other donor activities on PAC at the local government level. Many pandemic coordination bodies invited LGAP to participate due to the activity’s ability to coordinate with

local government stakeholders. LGAP played a strong role supporting coordination between district and central governments and with sectors such as education and health. LGAP was invited to participate in a coordinating forum established by USAID and UNICEF. In response to the forum's concerns about control of personal protective equipment and vaccines at the district level, LGAP helped redeploy pharmacists and lab assistants in each targeted district.

Indonesia MEDIA is a good example of an activity that promotes coordination among its implementers, many of which are associated with reporting on corruption during the pandemic. Multiple MEDIA-funded partners collaborated to strengthen journalists, citizen journalists, and CSOs on encouraging whistleblower reports to *IndonesiaLeaks*, a platform that allows government employees to share information about crime and corruption. One CSO respondent observed, "When we do collaborations, then we share together all the risk. We also share information so we can make deep and comprehensive reports."

**The pandemic reduced in-person coordination but expanded virtual consultation.** The pandemic reduced the capacity of activity managers to coordinate implementation of AC interventions in-person but expanded the number of entities and persons with whom they could consult virtually. Due to travel restrictions, managers of activities such as Malawi LGAP, Nepal CS:MAP and Indonesia Madani could not hold in-person meetings with staff based in the regions. Growth in the use of online meetings facilitated coordination of AC activities and interventions among a wider range of implementers, partners, and stakeholders than before the pandemic. One Indonesia CEGAH stakeholder observed, "The pandemic created a blessing in terms of connecting the project to a wider network of beneficiaries. Because of the forced use of technology, it could consult more partners." The same respondent reported, "We are hearing more from those on the ground, and it is costing a lot less money to monitor the activity."

**DRG activities, whether dedicated AC or not, prioritized coordination on corruption issues more than did non-DRG activities.** Malawi TSOC and Indonesia CEGAH, DRG AC activities, coordinated with their implementing partners as well as activities, donors, and civil society and governmental organizations to increase their impact in fighting corruption and PAC. In Malawi, coordination with the USAID Health Office helped LGAP, a DRG activity not dedicated to anti-corruption, support the redeployment of health workers (pharmacists and lab assistants), totaling five new deployments to each of five local districts. Non-DRG activities that did not adapt to PAC tended also to not coordinate with other actors on issues related to PAC, according to KII respondents. Such activities included Bangladesh SHOUHARDO III, Bangladesh health programs, Bangladesh NSAF, Nepal Education COVID Response, and Indonesia EGSA.

One activity did not have a practice of coordinating with other donor activities and did not change these practices in response to COVID. According to two respondents, Indonesia CEGAH did not take advantage of the increasing popularity of online meetings to coordinate with other donors or their projects.

**Some USAID activities collaborated effectively among themselves to address PAC.** In BiH, IJP cited regular coordination with JACA and Assistance to Citizens in Fight Against Corruption activities. Coordination focused on sharing of information on corruption cases and referring cases for further investigation or other action, including cases related to COVID procurements. For example, USAID activities and partners held regular coordination meetings to consolidate information for the

investigation and prosecution of a respirator procurement case. BiH e-Governance and Assistance to Citizens in Fight Against Corruption collaborated on efforts to support development of an open data platform for procurements and public services.

Indonesia MADANI, which received \$2 million in health funding on top of its DRG funding, coordinated well with other USAID activities. Indonesia MEDIA coordinated well with other USAID activities on AC issues. One important area where the two activities collaborated was mitigating corruption of village funds, which were ramped up during the pandemic. According to one respondent, MEDIA-funded citizen journalists worked with MADANI coordinators to tell stories about monitoring their village funds.

**Recommendation 8. Improve internal USAID coordination within and across sectors to strengthen anti-corruption efforts during emergencies.** During the pandemic, Mission portfolio reviews at the national and local levels addressed corruption issues inadequately. DRG sector leaders and activity managers, on the other hand, facilitated coordination on PAC among their implementers and grantees. Only a few DRG implementing partners coordinated with non-DRG and donor activities on PAC. Based on these findings, we recommend that:

- Missions ensure that portfolio reviews, local governance coordination bodies and sectoral partner meetings address corruption, especially during emergencies.
- DRG AC activities, other DRG activities and non-DRG activities encourage their implementing partners and grantees to coordinate and collaborate among themselves during emergencies.
- DRG AC activities, other DRG activities and non-DRG activities encourage implementing partners and grantees to coordinate with other USAID and donor activities, especially during emergencies. Missions should build such collaboration into activity designs.

**CSO-LED COORDINATION MECHANISMS ADAPTED TO THE PANDEMIC AND PAC.** The four-year extension of Malawi TSOC enabled the Malawi CSO Alliance to pursue public interest litigation cases on corruption; lobby for greater parliamentary scrutiny of government spending; and promote AC initiatives with the private sector and non-traditional groups, such as the Catholic Church.

In Indonesia, support from three USAID activities, Madani, MEDIA, and CEGAH, enabled CSOs to expand their preexisting coordination on corruption issues to those associated with the pandemic. Indonesia Madani helped CSOs continue their existing coordination mechanisms. According to one respondent, CSOs supported by Madani at provincial levels agreed to focus their advocacy on corruption. Indonesia MEDIA builds on existing coordination among its CSO partners, for example in protecting journalist safety. One respondent explained, “So, we already worked together organically, even without MEDIA. But with MEDIA, we try to discuss more about our potential collaboration. We meet together to discuss about common themes, common activities that we can do together.” One CEGAH grantee described CSO coordination on corruption issues, “Coordination across donors, sectors, and groups has become a routine activity, which has an impact on the results to be achieved.”

In sum, Missions followed their normal processes for approving adaptations of activities to PAC but did not usually participate in new processes for coordinating approaches to addressing PAC. Coordinating bodies within embassies, with host country governments, or with other donors either did not exist or did not prioritize discussions of corruption or PAC. Mission portfolio reviews addressed corruption and PAC effectively when they were integral to activities but not as a cross-cutting concern. For DRG

activities, partner meetings and activity monitoring mechanisms enabled discussion of PAC issues and coordination of adaptations. DRG activities, whether dedicated AC or not, prioritized coordination on corruption issues more than did non-DRG activities.

The most effective mechanism for coordination of PAC adaptations was within activity teams, which brought together project staff and grantees implementing the adaptations. The pandemic limited the ability of activity managers to consult in-person but increased their ability to bring together stakeholders and implementing personnel virtually. Beyond coordinating among their implementers, some USAID activities, often from DRG and non-DRG sectors, effectively coordinated adaptations to PAC among themselves. In addition, CSOs supported by DRG and non-DRG activities led effective coordination of activities targeted at PAC. CSO-led coordination mechanisms that existed prior to the pandemic adapted to PAC.

## 4. RECOMMENDATIONS

1. **Set objectives and scopes for non-DRG activities that reflect an understanding of systemic corruption and the ability to respond to changes in corruption during emergencies.** During the design of non-DRG activities focusing on health, education, economic growth and humanitarian assistance, and other sectors, USAID should set objectives that reflect an understanding of systemic corruption in the sector and ensure that their scopes provide flexibility and incentives to adapt to increased corruption in individual sectors that might result from emergencies. In addition, and in recognition of the increasingly important role of national institutions and systems in planning for and responding to emergencies, the USAID ACTF, in collaboration with regional and technical bureaus, should develop guidance for mitigating corruption in the provision of public services critical to country-led emergency responses, based on the type of emergency and the expected public service response. Crisis modifiers and other emergency contingency plans should incorporate anti-corruption concerns as an explicit factor.
2. **Provide Non-DRG activities more guidance on how to integrate monitoring and adaptation to increased corruption risks that affect their objectives.** During the pandemic, non-DRG activities did not effectively respond to significant corruption issues that affected achievement of their stated objectives. In many instances, a lack of flexibility from stated CDCS priorities prevented activities from adapting to PAC, but in other instances, a lack of attention or a failure to prioritize the risks posed by corruption led to inaction. In September 2022, the ACTF released the “USAID Guide to Countering Corruption Across Sectors,” which provides useful guidance on adapting to corruption risks across Mission portfolios. Based on our findings, we recommend that Missions:
  - a. integrate the insights and recommendations of the “USAID Guide to Countering Corruption Across Sectors” and subsequent USAID sector-specific AC integration handbooks in strategic planning, non-DRG activity design and implementation.
  - b. set cross-cutting non-DRG activity objectives that reflect an understanding of systemic corruption in the sector.



- c. ensure that scopes for non-DRG public service-focused activities provide sufficient flexibility by Missions and/or CORs/AORs as well as incentives for adapting to increased corruption during emergencies. Scopes should include language that recognizes the potential impact of different types of emergencies on achievement of objectives. They should integrate crisis modifiers that delegate more authority to CORs/AORs to approve emergency adaptations, even if they affect achievement of these objectives. Contract language should emphasize opportunities for redirections if the Administrator approves an expedited procedures package.
3. **Mitigate corruption risks in public administration of emergency-response funds through enhanced public financial management support.** Public financial management and governance support (i.e., procurement, budgeting, financial management, audit) to national and subnational governments was a critical need during the COVID response, as large influxes of funding aimed to enhance public service delivery occurred across sectors. Across countries, increased risks of corruption were evident, and public financial management systems at the national and subnational level were strained to capacity. In addition, statements of emergency and other measures resulted in the relaxing of procurement laws intended to mitigate corruption. Compounding the issue, activities that relied on USAID procurement systems, such as health supply chain activities, lacked the incentive to address PAC in host government procurement systems. The ACTF should develop tools to help Missions implement the guidance on procurement and financial management in the “USAID Global Health Anti-Corruption Integration Handbook.” Missions should design activities and interventions complementary to emergency response by addressing prevention of corruption in procurement and across public financial management systems, with a particular, but not exclusive, focus on emergency contexts, including:
  - a. reviewing and improving procurement laws and regulations
  - b. strengthening government-wide procurement systems
  - c. strengthening host-government health sector procurement systems
  - d. adapting government complaint mechanisms to expedite responses to complaints on corruption associated with emergencies
  - e. helping governmental, civil society, and media organizations to monitor government procurement and access effective complaint mechanisms
4. **Invest in strengthening watchdog CSOs and investigative journalists and adapt these activities to emergency conditions.** To respond to the fluid, opportunistic nature of corruption during emergencies, Missions should ensure continued investment in activities that support watchdog CSOs and investigative journalists to monitor, investigate, and publicize public-sector corruption. During emergencies, DRG and non-DRG activities should increase their support to CSOs and media to investigate corruption in areas such as procurement, economic subsidies, and other government-led initiatives that are at increased risks of corruption at both national and subnational levels, especially recognizing the need for nimble analysis and tracking of often unchecked public and donor-led investment in areas of need.

5. **Accelerate support to justice sector institutions during emergencies to ensure adequate response to corruption.** Investigations, prosecutions, and judicial functions can be limited during emergencies, especially those such as the COVID pandemic where movement is restricted. This hampers the ability of the state to fully respond to corruption allegations. Missions should heighten their support to justice institutions to adapt to restrictive operating conditions during emergencies, including support to virtual hearings, mobile brigades, and advanced trainings on procurement and other complicated areas of corruption investigation and prosecution. Support for justice sector institutions should be reinforced by support for civil society/media accountability strengthening (see recommendation four).
6. **Increase support to subnational/local governments as an effective way to improve local public service delivery across sectors and to prevent and respond to corruption associated with increased funding of local governments during emergencies.** Providing public administration support to subnational governments was a critical need during the COVID response, as local governments around the world received large influxes of funding (national and donor) aimed to enhance public service delivery. In its DRG Anti-Corruption Integration Handbook, the ACTF should provide guidance on strengthening local governments' capacity to prevent and mitigate corruption during emergencies. Missions whose portfolios include local governance and public service activities should ensure that local government partners receive adequate technical support to mitigate corruption risk from the administration of emergency increases in funding. In addition, Missions should endeavor to maximize coordination at the local level of interventions to strengthen implementation of AC interventions across sectors and activities during emergencies.
7. **Enhance USAID leadership among government and donor partners in addressing corruption.** Among the Mission case studies, the ET found little evidence of coordination on corruption issues with governments and the donor community. The absence of coordination on corruption was an obstacle to addressing the manifestation of the issue during the pandemic. What little coordination on PAC occurred was within USAID's DRG portfolio, within DRG activities and among CSOs.

Based on these findings, we recommend that:

- a. Missions encourage donor groups to include corruption as a permanent area of focus. During emergencies, Missions should ensure that donor groups discuss corruption risks and responses.
  - b. Missions, in collaboration with U.S. Embassies, should facilitate the creation of standing AC coordinating bodies that convene embassies, donors, government, civil society, and regional institutions to address corruption at the national and sub-national levels. Missions should ensure that these bodies convene to address corruption during emergencies.
8. **Improve internal USAID coordination within and across sectors to strengthen anti-corruption efforts during emergencies.** During the pandemic, Mission portfolio reviews at the national and local levels addressed corruption issues inadequately. DRG sector leaders and activity managers, on the other hand, facilitated coordination on PAC among their implementers



and grantees. Only a few DRG implementing partners coordinated with non-DRG and donor activities on PAC. Based on these findings, we recommend that:

- a. Missions ensure that portfolio reviews, local governance coordination bodies and sectoral partner meetings address corruption, especially during emergencies.
- b. DRG AC activities, other DRG activities and non-DRG activities encourage their implementing partners and grantees to coordinate and collaborate among themselves during emergencies.
- c. DRG AC activities, other DRG activities and non-DRG activities encourage implementing partners and grantees to coordinate with other USAID and donor activities, especially during emergencies. Missions should build such collaboration into activity designs.

## **ANNEX A, ACTIVITIES STUDIED BY COUNTRY**

## Bangladesh

- **SHOUHARDO III:** (2015–2022; \$101 million) was a USAID-supported cooperative agreement aimed at improving gender equitable food and nutrition security and resilience of vulnerable communities. It was a multi-sectoral program that addressed food and income insecurity, maternal and child health and nutrition, and women’s and youth empowerment. Implemented by CARE with six partner NGOs: SKS Foundation, Mahideb Jubo Somaj Kallayan Somity, Dhaka Ahsania Mission, Eco-Social Development Organization, National Development Programme, and People’s Oriented Program Implementation.
- **Alliance for Combatting Tuberculosis in Bangladesh:** (2020–2024; \$35 million) The Alliance for Combatting Tuberculosis in Bangladesh’s goals are to increase tuberculosis case detection rates to 90 percent and to sustain treatment success rate at more than 90 percent in the implementation areas by the end of the activity’s timeline. Implemented by a consortium led by the International Centre for Diarrheal Disease Research, Bangladesh.
- **Prepare, Ready, Organize, Vaccinate, Advocate & Support for Health in COVID-19 Response:** (\$16.5 million) Objectives: 1) provide support to COVID-19 vaccination activities; 2) support COVID-19 Vaccination Data Entry; 3) provide logistical support for critical supplies; facilitate school infection prevention and control and mask distribution; 4) support risk communication, community engagement, and health and hygiene promotion. Implemented by Directorate General of the Health Services, Ministry of Health and Family Welfare, Local Health Administration.
- **MaMoni Maternal and Newborn Care Strengthening Project: Emergency Response to COVID-19 Pandemic:** (2020–2023; \$21.5 million) Objectives: 1) enhance the national health system’s capacity to prevent transmission and to improve management of COVID-19 cases in health care facilities and at community level; and 2) support the sub-national health systems to rapidly analyze and respond to the changing distribution of the burden of the epidemic. Implemented by Save the Children US.

## BiH

- **Investigative Journalism Program (IJP):** (2019–2024; \$2.5 million) Activity goal and purpose are that “citizens of BiH have access to unbiased information.” Implemented by the Center for Media Development and Analysis.
- **Judiciary Against Corruption Activity (JACA):** (2019–2024; \$7.9 million) Activity goal: More effective, independent, and accountable justice actors; Purpose: Selected justice sector institutions strengthened to combat corruption, economic, and organized crime. Implemented by Development Professionals Inc
- **Assistance to Citizens in Fight Against Corruption:** (2019–2024; \$7 million) Activity goal is “increased citizens’ participation in the fight against corruption”, and the activity purpose is to build a “civil society which is representative and credible in the fight against corruption”. Implemented by the Centers for Civic Initiatives, in partnership with the Center for Media Development and Analysis and Transparency International BiH

- **E-Governance Activity:** (2020–2025; \$10.9 million) Activity goal: Assist BiH to increase transparency and reduce corruption in targeted government-led processes, focusing on digitalization as a tool for fighting corruption; activity purpose: Initiatives supported to increase transparency and decrease corruption in government-led processes targeted by the activity. Implemented by Millennium Partners, LLC.

## Indonesia

- **CEGAH:** (2016–2021; \$23.6 million) was an AC program that strengthened institutions, rules, and reform champions to support the GOI’s AC agenda. It built the AC capacity of the judiciary, executive, independent AC agencies, civil society, media, and the private sector. CEGAH strengthened accountability across 19 GOI institutions and agencies. The bulk of CEGAH’s work focused on key governmental stakeholders, including the Corruption Eradication Commission, Supreme Court, Supreme Audit Agency, Attorney General’s Office, the Civil Service Commission, the Indonesian Ombudsman, and the Ministry of Administrative and Bureaucratic Reform.
- **Madani:** (2019–2024; \$19.8 million) helps targeted CSOs advocate for government accountability and tolerance in their communities in 32 districts in six provinces. 32 Lead Partner Organizations receive technical assistance through a pool of expert trainers, as well as financial assistance and support to organize Learning Forums among CSOs, local governments, media, and the private sector, to strengthen CSOs’ advocacy on government accountability and communal tolerance. Madani is mainstreaming AC on issues of concern to local governments rather than targeting corruption through a specific component.
- **Economic Growth Support Activity (EGSA):** (2019–2022; \$7 million) assisted USAID in re-engaging in the economic growth sector after many years. It contributed to strengthening the GOI’s capacity in effective tax collection and budget execution and helped improve the business-enabling environment for foreign and domestic business. It sought improved public financial management systems, financial sustainability, and fiscal reforms. EGSA’s business-enabling environment assistance studied challenges facing the private sector, including the cost of doing business, accessing energy and infrastructure, tax treatment, regulatory framework, and impediments to competitiveness and growth.
- **Media Empowerment for Democratic Integrity and Accountability (MEDIA):** (2020–2025; \$8 million) aims to increase the availability of and access to quality information for local communities and national audiences. It connects improvements in information with citizen efforts to demand accountability and transparency. The activity strengthens public-interest media and CSOs seeking to ensure government accountability, hold business interests to account, and counter misinformation and disinformation. MEDIA increases the ability of media and CSOs working on transparency and accountability to increase citizen engagement with high-quality, evidence-based coverage. The activity enhances the reporting skills of media outlets and increases the capability of at-risk journalists to prevent and manage threats.

## Malawi

- **Local Governance Accountability and Performance (LGAP):** (2015–2021; \$24 million) Goal: Support local government to effectively, efficiently, and democratically fulfil its mandate of providing public services and representing citizen interests. Implemented by DAI Global.
- **Tackling Serious and Organized Corruption (TSOC):** (2015–2024; 18.4 British Pounds) Foreign, Commonwealth & Development Office/UK Embassy funded and managed. Goal: Increase the likelihood and severity of sanction for serious and organized corruption and related crimes in Malawi. Implemented by International Centre for Asset Recovery, CSO Alliance.
- **Organized Network of Services for Everyone’s Health Activity (ONSE):** (2015–2021; \$106 million) Goal: improve maternal, newborn, and child survival and well-being in Malawi. ONSE implements activities in three key areas: clinical services, health systems strengthening, and community mobilization and engagement. Implemented by Management Sciences for Health.
- **Government-to-Government support through embedded staff in three districts**
- **Global Health Supply Chain Office in Malawi**
- **Accelerating Support for Advanced Partners: regional Africa President’s Emergency Plan for Acquired Immunodeficiency Syndrome (AIDS) Relief Project.**

## Nepal

- **Civil Society: Mutual Accountability Project (CS:MAP):** (2016–2022; \$18,330,053) was a USAID-supported cooperative agreement aimed at fostering a more legitimate, accountable, and resilient Nepali civil society that could advance the public interest. Implemented by FHI 360 in partnership with Equal Access International and the International Center for Not-for-Profit Law.
- **Niti Sambat:** (2017–2023; \$20 million) is a USAID program to promote greater confidence in electoral and political processes by supporting electoral institutions, parliament, and political parties to establish more participatory, inclusive, and transparent government processes that are responsive to citizen concerns. Implemented by Consortium for Elections and Political Process Strengthening: National Democratic Institute, International Republican Institute, International Foundation for Electoral Systems, and the Election Commission of Nepal.
- **Nepal Seed and Fertilizer Project (NSAF):** (2016–2024; \$20 million) NSAF is a Feed the Future activity that aims to build competitive seed and fertilizer systems for inclusive and sustainable growth in agricultural productivity, business development, and income generation. Implemented by the International Maize and Wheat Improvement Center.
- **Education COVID Response Activity:** (2021–2023; \$3,642,378) A USAID-funded rapid response education activity. Implemented by United Nations International Children’s Emergency Fund Nepal (UNICEF Nepal)

## **ANNEX B, BANGLADESH CASE STUDY**

## I. COUNTRY CONTEXT

Bangladesh is a lower-middle income country that has tremendous development potential and faces complex development challenges, including “vulnerable topography, exclusionary practices that prevent many Bangladeshis from participating fully in the country’s economic and civic life, and pervasive corruption.”<sup>12</sup> It is one of the world’s most densely populated countries and currently hosts a massive refugee population, which brings greater challenges to a country in which “about one-eighth of its population of over 165 million live on less than five U.S. dollars per day.”<sup>13</sup> Still, rapid economic development over the past several decades have positioned it as the second largest economy in South Asia, and it has cut poverty levels dramatically; it aims to qualify for upper-middle income country status by 2031. However, this tremendous economic growth, together with rapid urbanization, is putting substantial and “unsustainable pressures on infrastructure, basic services, land, and the environment.”<sup>14</sup>

The COVID-19 pandemic has had a grave impact on Bangladesh, particularly the country’s marginalized populations. Over two million people have been infected by COVID in Bangladesh, with the country experiencing nearly 30,000 deaths from COVID.<sup>15</sup> The pandemic had a severe impact on employment and incomes; “[a]t least one person in an estimated 14.7 million households (41 percent of the total population) lost their job during the COVID-19 pandemic. As a result, many families lost their primary source of income, particularly lower socio-economic households.”<sup>16</sup> The pandemic placed massive burdens on an already weak healthcare system and tested fragile and dysfunctional governance structures at both the local and national levels. COVID-19 was used as an excuse for the government to suppress criticism, which “increased digital surveillance to silence those trying to hold governments accountable during the pandemic.”<sup>17</sup>

Respondents noted that the country has a highly centralized and weak governance structure that enables rampant corruption and undermines the effectiveness of institutions across sectors. Transparency International’s 2022 Corruption Perceptions Index ranked Bangladesh 147 out of 180, which puts it in the bottom fifth of the countries surveyed.<sup>18</sup> The country’s score dropped by one point on the 2022 CPI, bringing it to 25. Experts note that “[c]orruption in Bangladesh hinders proper allocation of resources, weakens public services, reduces productivity, worsens poverty, marginalizes the poor and creates social unrest.”<sup>19</sup> The Government of Bangladesh has been criticized for a lack of political will to

<sup>12</sup> [Bangladesh Country Development Cooperation Strategy, 2020-2025 \(CDCS\)](#), 5.

<sup>13</sup> *Ibid.*

<sup>14</sup> *Ibid.*

<sup>15</sup> [World Health Organization, February 14, 2023](#).

<sup>16</sup> Center for International Private Enterprise, “[Perceptions of Corruption Before and After the Pandemic- a Survey of Households in Bangladesh](#),” 2022 (CIPE Household Survey).

<sup>17</sup> Dhaka Tribune, “[Bangladesh still languishes among world’s most corrupt countries](#),” January 2022.

<sup>18</sup> [Transparency International Corruption Perceptions Index, Bangladesh, 2022](#). In the region, India ranks 85 with a score of 40, Sri Lanka ranks 101 with a score of 36, Nepal at 110 with a score of 34, and Pakistan at 140 with a score of 27. See also <https://worldjusticeproject.org/rule-of-law-index/country/2021/Bangladesh>. The World Justice Project’s (WJP) *Rule of Law Index* measures the absence of corruption in government, with factor two of the Index assessing the absence of corruption with respect to bribery, improper influence by public or private interests, and misappropriation of public funds or other resources. These three forms of corruption are examined in regard to government officers in the executive branch, the judiciary, the military, police, and the legislature. According to the 2022 World Justice Project Index, Nepal ranked 113 out of 140 countries in terms of absence of corruption.

<sup>19</sup> CMI U4 Anti-Corruption Resource Center & Transparency International, “[Overview of corruption and anti-corruption in Bangladesh](#),” 2019 (TI Overview of Corruption), 10.

implement meaningful anti-corruption reforms and a weakening of its anti-corruption institutions.<sup>20</sup>

The judiciary has been separated from the executive since 2007 and is an independent body, but the executive appoints judges, “and the judiciary remains closely aligned with the executive branch.” Though the country has adopted a number of laws and regulations intended to address and prevent corruption, “implementation and enforcement of legislation is largely inadequate, and a culture of noncompliance generally prevails.”<sup>21</sup>

In a survey of SMEs conducted by the Center for International Private Enterprise and its partner the Centre for Governance Studies, researchers found the following about forms and sites of corruption:

“The two most cited forms of corruption faced by the SMEs are bribery (77.9 percent) and use of political influence (60.1 percent). These are followed by extortion (46.3 percent), nepotism (43.9 percent), and undue patronage (43.1 percent). These forms of corruption reflect the overall situation in social and political arena affecting the economic sector in general. SMEs are affected more by corruption in the local government (53.4 percent) than the national government (27.6 percent). Bribery, use of connections with influential people (68.4 percent), and networking with public officials are viewed as the easiest way to get public services (68.4 percent) and thrive illegally.”<sup>22</sup>

Despite the high rates of corruption, complaint mechanisms are largely seen as ineffective and are underutilized. The same study found that only 2.7 percent of respondents reported lodging complaints to the Anti-Corruption Commission. “Among this group of 18 respondents, only 4 (22.2 percent) reported a positive outcome from the complaint, compared to 13 (72.2 percent) that experienced negative outcomes.”<sup>23</sup>

## II. METHODOLOGY

This case study examines four USAID Bangladesh activities that support the three interlinked development objectives (DOs) of the Bangladesh CDCS (see more details regarding the CDCS below). The following is a brief overview of USAID Bangladesh activities examined. Those activities likely to have pivoted in response to PAC were selected, based on conversations with key USAID personnel. Analysis of each activity against the EQs follows below.

- **SHOUHARDO III: 2015–2022; \$101 million**
  - Goal: Improving gender equitable food and nutrition security and resilience of vulnerable communities. It is a multi-sectoral program that addresses food and income insecurity, maternal and child health and nutrition, and women’s and youth empowerment.
  - Primary Implementing Partners: Implemented through six partner NGOs covering eight target districts in northern Bangladesh that receive technical support from CARE Bangladesh.

<sup>20</sup> Ibid., 4-8.

<sup>21</sup> TI Overview of Corruption, 10.

<sup>22</sup> Center for International Private Enterprise, “Perceptions of Corruption Before and After the Pandemic- a Survey of SMEs in Bangladesh,” 2022 (CIPE Household Survey).

<sup>23</sup> Ibid.



## Health Programs:

- **Alliance for Combatting TB in Bangladesh:** 2020–2024; \$35 million
  - Goals: Increase TB case detection rates to 90 percent and to sustain treatment success rate at more than 90 percent in the implementation areas by the end of the activity’s timeline.
  - Primary Implementing Partner: Implemented by a consortium led by the International Centre for Diarrheal Disease Research, Bangladesh.
- **Prepare, Ready, Organize, Vaccinate, Advocate & Support for Health in COVID-19 Response:** \$16.5 million
  - Objectives: 1) provide support to COVID-19 vaccination activities; 2) support COVID-19 Vaccination Data Entry; 3) provide logistical support for critical supplies; facilitate school infection prevention and control and mask distribution; 4) support risk communication, community engagement, and health and hygiene promotion.
  - Primary Implementing Partners: Directorate General of the Health Services, Ministry of Health and Family Welfare (MoHFW), Local Health Administration for preparedness planning.
- **MaMoni Maternal and Newborn Care Strengthening Project: Emergency Response to COVID-19 Pandemic:** 2020–2023; \$21.5 million
  - Objectives: 1) enhance the national health system’s capacity to prevent transmission and to improve management of COVID-19 cases in health care facilities and at community level; and 2) support the sub-national health systems to rapidly analyze and respond to the changing distribution of the burden of the epidemic.
  - Primary Implementing Partner: Save the Children US.

The ET conducted KIIs with relevant stakeholders, including five USAID staff and two implementing partner staff. Evaluators were able to collect only limited data on the health activities because the health team communicated that contributing to the COVID and Anti-corruption evaluation would take away from the time needed by implementing partners to address their top priority, responding to the emergency. KIIs were limited to USAID personnel for health activities.

The ET reviewed secondary sources, including program documents, reports, news articles, websites, and other resources, which are captured in **Table 4**.

**Table 4: Secondary Sources Reviewed, Bangladesh**

DOCUMENTS	SOURCE
USAID Bangladesh Country Development Cooperation Strategy, 2020–2025	USAID
MaMoni Maternal and Newborn Care Strengthening Project: Emergency Response to COVID-19 Pandemic Annual Progress Report, Oct 2020–Sept 2021	USAID

DOCUMENTS	SOURCE
Prepare, Ready, Organize, Vaccinate, Advocate & Support for Health in COVID-19 Response Monthly Progress Reports, November 2021 - September 2022	USAID
Alliance for Combatting TB in Bangladesh Annual Progress Report, Oct 2020-Sept 2021	USAID
SHOUHARDO III, Annual Progress Reports, Oct 2019-Sept 2020; Oct 2020-Sept 2021	USAID
World Health Organization, February 14, 2023	World Health Organization Website
Perceptions of Corruption Before and After the Pandemic- a Survey of Households in Bangladesh	Center for International Private Enterprise Website
Transparency International Corruption Perceptions Index, Bangladesh, 2022	TI Website
Bangladesh: Overview of corruption and anti-corruption	TI Website
Corruption Complicates Bangladesh Fight Against COVID-19	East Asia Forum Website
World Justice Project, Rule of Law Index, Bangladesh 2021	World Justice Project Website
Bangladesh still languishes among world's most corrupt countries	Dhaka Tribune

### III. FINDINGS

#### FRAMING QUESTION: EFFECT OF COVID-19 PANDEMIC ON CORRUPTION

The COVID-19 pandemic saw an increase in public sector corruption in Bangladesh at all levels of government and across sectors, with profound impacts on the health sector. Corruption was rampant in the health sector even before the pandemic, “ranging from bribery at the service delivery level, to undue influence at higher levels of procurement and decision making.”<sup>24</sup> Since the start of the pandemic, experts have noted several new corruption-related challenges in the health sector, including “misinformation, low trust in government, and lack of awareness; corruption in the procurement and supply of health products, poor coordination and theft in relief distribution... an overall tendency to cover up irregularities, corruption and mismanagement through restrictions on disclosure of information,” and “a lack of accountability and poor whistleblower protection that contributes to corruption in the sector.”<sup>25</sup>

Despite these perceived trends, a household survey in Bangladesh conducted by Center for International Private Enterprise and Centre for Governance Studies found that these abuses affected a relatively small percentage of surveyed households. The research showed that: “17.85 million households (51 percent of the total population) used some type of health service during this period... According to respondents

<sup>24</sup>CMI U4 Anti-Corruption Resource Center & Transparency International, “[Bangladesh: Overview of corruption and anti-corruption](#),” 2021. 10-11.

<sup>25</sup>Ibid., 11-12. See also <https://www.eastasiaforum.org/2020/11/13/corruption-complicates-bangladeshs-fight-against-covid-19/>.

who utilized health services, only 1.5 percent noted corruption in government and public health facilities, while 6.3 percent of respondents noted corruption in private facilities.”<sup>26</sup>

It was reported that corruption was widespread in the distribution of relief and delivery of healthcare services. Again, the Center for International Private Enterprise survey found that only a small percentage of households reported being impacted by corruption in this space. The research found: “[w]hile the COVID-19 pandemic impacted the earnings of about three-fourths of (73.6 percent) households, as of September 2021, only 11.9 percent of families reported receiving assistance from the government since the pandemic’s outbreak. Among those who received government financial assistance, 4.5 percent experienced corruption.”<sup>27</sup>

All respondents noted there were reports of government service providers and elected politicians doing business outside of regular practices and procedures during the pandemic, and there was less transparency and monitoring being conducted during the period. Respondents reported they did not have direct knowledge of or directly experience changes in corruption in the sectors in which they work.

## EQ 1: ADAPTATIONS TO COVID-19 ASSOCIATED CORRUPTION

**APPROACHES TO AC PRIOR TO AND DURING THE PANDEMIC.** USAID’s 2020–2025 Bangladesh CDCS goal is that “Bangladesh is committed to democratic principles and inclusive growth with an increasing capacity to economically diversify, address inequality, and become a resilient Indo-Pacific partner.”<sup>28</sup> USAID Bangladesh seeks to achieve this goal through three inter-linked DOs: 1) Improved Democratic Systems that Promote Transparency, Accountability, and Integrity; 2) Enhanced Opportunities for an Inclusive, Healthy, Educated Society, and a Robust Economy; and 3) Strengthened Resilience to Shocks and Stressors.

While USAID Bangladesh does not have a Mission-wide anti-corruption strategy, the CDCS integrates approaches designed to address corruption and factors that contribute to corruption across its DOs and across all sectors of its work in Bangladesh.<sup>29</sup> The “CDCS employs an integrated, inclusive approach that reflects the interdependence among sectors, particularly regarding good governance and Private Sector Engagement, whereby improvements in one development sector drive improvements in others.” Rather than sector-specific objectives, the CDCS clearly outlines that “DO 1’s emphasis on good governance applies to the institutions fostering economic growth, healthcare provision, and disaster preparedness.”

The Mission describes its approach to Enhanced Governance and Fiscal Integrity of Institutions, IR 1.1, as follows:

Mission-funded interventions under IR 1.1 focus on both the supply and demand side of good governance across multiple sectors including health, education, agriculture, environment, and EG as well as mainstream DRG interventions, thus creating a network of activities supporting more efficient, effective, and accountable institutions. USAID prioritizes building the capacity of government, the private sector, and civil society to deliver and/or advocate for transparency, accountability, and improved

<sup>26</sup> Center for International Private Enterprise Household Survey.

<sup>27</sup> Ibid.

<sup>28</sup> USAID Bangladesh CDCS 2020-2025.

<sup>29</sup> Notably, according to respondents, much of the Missions anticipated AC-related work was delayed and/or did not materialize due to a change in Mission approach to this topic, which is still under consideration.

services and address policy issues that also benefit other DO programming. Building allies for good governance from both within and outside the Government of Bangladesh creates positive change that paves the way for further reform and enhances the performance of institutions, leading to systemic improvements in transparency, accountability, and integrity.<sup>30</sup>

Approaches under IR 1.2 include “Capacity strengthening of civil society and media ... to increase public awareness and access to information to hold the Government more accountable. Where applicable, this includes strengthening ties among citizens, civil society, and government watchdog agencies such as the Anti-Corruption Commission.” Also under IR 1.2, the Mission seeks to “ensure commitment to rule of law and transparency” and “tackles governance issues by addressing corruption and building the capacity of the criminal justice system (including judicial institutions and law enforcement agencies) to detect, investigate, and prosecute trafficking in persons, human rights violations, and wildlife trafficking.” Under IR 1.3: USAID “works with political parties, citizens, and CSOs to reinforce their understanding of and commitment to democratic principles; meaningful participation of women, youth, and minorities in political processes; free and fair elections; and political pluralism.”

The Bangladesh CDCS was developed in the early days of the pandemic. It noted that four strategic principles were used to select program priorities, one of which is whether it is “prescient and strategic in anticipating and mitigating the impacts of COVID-19.” The Mission reported that it had “already captured critical information related to COVID-19 impacts and plans to mitigate their effects on USAID investments and address gaps and opportunities for future programming,” noting that the Mission is conducting ongoing stock-taking of COVID-19 impacts and will adjust the CDCS accordingly.”<sup>31</sup>

**MISSION-LEVEL ADAPTATIONS TO PANDEMIC-ASSOCIATED CORRUPTION.** Respondents reported that no mission-level adaptations were made in response to COVID-associated corruption.

As noted above, USAID’s Bangladesh Mission has no Mission-wide anti-corruption strategy per se. Corruption is acknowledged to be an underlying governance problem in the country, and USAID aims to address it through governance strengthening and fiscal integrity initiatives integrated into programming across sectors and particularly through programming in support of DOI of the Bangladesh CDCS.

All respondents report that there has been no change to the Mission’s view of corruption in-country and that adaptations were not made to high-level approaches at the Mission-level. Relatedly, respondents report that the Mission has delayed implementation of AC or AC-related programming in the last couple of years, as they work to assess where the best openings are for work in this space. They are currently considering potential initiatives, but they are too early in the process to share more information about direction or approach.

**ACTIVITY-LEVEL ADAPTATIONS TO PANDEMIC-ASSOCIATED CORRUPTION.** Respondents reported that the Mission was on authorized departure for a significant period during COVID-19 and, during this time, the Mission was extremely short staffed. According to respondents, this impacted their ability to assess the COVID situation as it related to corruption and to make adaptations accordingly.

As outlined above, SHOUHARDO III is focused on improving gender equitable food and nutrition security and resilience of vulnerable communities. Respondents for SHOUHARDO III reported that the

<sup>30</sup> USAID Bangladesh CDCS 2020-2025, 18.

<sup>31</sup> USAID Bangladesh CDCS, p. 3.

project was not impacted by PAC and its evolving risks and therefore did not adapt programming. Respondents observed that COVID-related restrictions (including restrictions on travel and in-person meetings, etc.) did hinder routine monitoring and due diligence practices. These limitations made the activity more susceptible to fraud in management of USAID resources and reduced the capacity of the activity team to discover it. These concerns prompted operational and oversight adaptations but not a pivot to address PAC in the substantive areas targeted by the activity. To ensure they could perform adequate oversight of activity interventions, the team implemented remote monitoring and due diligence practices (through staff located within frontline communities and, later, through Zoom monitoring calls, among other techniques). These adaptations were introduced in response to perceived management risks arising from COVID-related restrictions, but they were not programmatic adaptations responding to perceived changes in the levels or nature of corruption in food security and resilience interventions.

The SHOUHARDO III program was included as an activity under this evaluation based on initial conversations with the Mission that emphasized the addition of a COVID-responsive component that delivered digital cash transfers to households in need. The program ensured these were transferred digitally (as opposed to cash transfers) to mitigate against fraud and abuse, and they had local partners conduct due diligence of participating households to ensure the right people were being signed up for the program. They put a complaint mechanism in place to ensure transparency and accountability in transfers. Respondents reported that these measures were not adopted in response to COVID-associated corruption. Rather, they explained, they were taken to ensure they could sustain adequate oversight and were generally best practice modalities in terms of preventing abuse and fraud.

Respondents reported that the health activities were not impacted by PAC and its evolving risks and, therefore, did not adapt programming to respond to corruption. They were generally aware (from media reports and hearsay) of issues around procurement of COVID-related goods, including issues arising from both corruption and incompetence, which led to the removal of some government officials from office. The respondents reported they did not experience these issues first-hand, and their activities were in no way impacted by these or other COVID-associated corruption.

Respondents explained that their activities do generally integrate approaches to mitigate against corruption in health programming. Health system-focused programming is oriented around system strengthening. One system strengthening component is to support better and more effective governance systems that can mitigate against and reduce corruption. For example, respondents noted that health activities have supported the development of an asset management system that records, at the district level, hospitals' assets so that procurement of their assets can be planned and monitored. These activities support the development of logistics management and information systems. Additionally, they work to build the capacity of government entities involved in procurement management, including through basic trainings on the public procurement system.

Despite the Health team's overall strategic engagement in systems strengthening aimed at mitigating corruption-related risks, respondents reported that their activities did not encounter PAC and its evolving risks. They emphasized that the activities have comprehensive systems and regulations in place to ensure that corruption does not occur in the context of USAID activities, including regular monitoring to ensure that proper reporting is maintained and conducting asset verification on a regular basis. Respondents emphasized that all such practices and procedures were carried out rigorously across health activities throughout the COVID period.

## EQ 2: EFFECTIVENESS OF ADAPTATIONS TO PANDEMIC-ASSOCIATED CORRUPTION

Respondents for the SHOUHARDO III program reported that they did not observe COVID-associated changes in corruption that impacted their project or specific activities and that they did not adapt program activities in response to PAC and its evolving risks. Respondents did share examples of adaptations to monitoring and due diligence practices in response to COVID-related restrictions and associated risks, which they found to be effective.

Health program respondents reported that they did not directly experience, nor were they impacted by, PAC and its evolving risks and, therefore, had no reason to adapt programming.

## EQ 3: COORDINATION OF ADAPTATIONS ACROSS STAKEHOLDERS

Evaluators examined how well USAID's anti-corruption projects and components of other sectoral activities were coordinated across internal and external stakeholders, asking respondents for information about informal or formal mechanisms that were in place to facilitate coordination.

Respondents for SHOUHARDO III noted they had informal coordination practices in place, including regular virtual meetings, and staff meetings, as well as external meetings with government stakeholders and CSOs. They noted that the Humanitarian Office shared reports on a monthly basis that were widely disseminated within USAID for the purpose of information sharing and coordination. Respondents mentioned the 1) Humanitarian Coordination Task Team (Chaired by the Secretary for the Ministry of Disaster Management and co-chaired by the UN Resident Coordinator), and 2) the Resilience Food Security Programs Coordination Mechanisms hosted at the Ministry level, which met twice in a year and had quarterly district and sub-district meetings. An implementing partner respondent noted that coordination with USAID was very good. They noted that there are strong community-level coordination mechanisms in place in which their local partners are engaged. Respondents did not recall PAC issues coming up as a topic of discussion in any of the mentioned platforms.

Health program respondents cited a coordinating mechanism that regularly convenes the health team and health activity implementing partners, noting that a COVID-19 coordinator was put in place during this period. Respondents reported that USAID has different mechanisms it mobilizes in times of crisis. They exist within Mission and within USAID writ large, but these mechanisms vary in form and function depending on what the nature of the crisis. Respondents reported that there are mechanisms in place for coordination with other donors (a Development Partners Consortium). Finally, they noted that, with regards to COVID response activities, there were six pillars or focal areas (e.g., example treatments), and that coordination meetings were convened around each pillar. Respondents did not recall, or had no information about, these platforms being used to discuss or coordinate on matters of PAC.

**ANNEX C, BOSNIA AND HERZEGOVINA CASE STUDY**

## I. COUNTRY CONTEXT

BiH was formed in 1992 as the Republic of BiH following its independence from Yugoslavia. A period of conflict followed among the country's Muslims, Croats, and Serbs over control of the former Yugoslav Republic's territory, including the 1992-95 war, which ended with the 1995 Dayton Peace Agreement. The U.S. has played a leading role in monitoring implementation of the peace accords and maintains command of the North Atlantic Treaty Organization headquarters in Sarajevo. Since the 1990s, the U.S. has provided BiH approximately \$2 billion in assistance.<sup>32</sup>

The country consists of two entities, the Federation of BiH (FBiH) and *Republika Srpska* as well as the self-governing Brčko District that belongs to both entities. Each entity has its own constitution, president, government, and parliament. The FBiH is further divided into 10 cantons, each having a significant level of autonomy. For election purposes, Brčko District voters can choose to participate in either the Federation or *Republika Srpska* elections. While BiH has devolved authority across these sub-national structures, the central state government has consolidated power in recent years.<sup>33</sup>

BiH is an EU candidate country and has been a candidate for North Atlantic Treaty Organization membership since April 2010. The current population of BiH is 3,229,180 (as of January 16, 2023).<sup>34</sup> BiH's population has been decreasing annually since 2010. BiH ranks 74th out of 191 countries and territories in the Human Development Index. Industry and agriculture dominate its economy, followed by tourism and the service sector.

U.S. Government assistance to BiH aims to fully anchor the country in European and Western institutions, strengthen multi-ethnic democratic institutions and civil society, support strong state-level judiciary and law enforcement sectors, bolster free and independent journalism, counter corruption, support civic education, promote a multi-ethnic and pluralistic society, and increase prosperity and attractiveness to foreign investors.

## II. METHODOLOGY

USAID/BiH's existing and new activities under the December 2020–December 2025 CDCS are positioned to help restart the domestic economy, especially in rural areas, during and after the COVID-19 crisis.<sup>35</sup> USAID's democracy and governance work in BiH focuses on accountable institutions that meet citizens' needs. The Agency's economic growth work focuses on a competitive, market-oriented economy that provides better opportunities for all.<sup>36</sup> The USAID/BiH CDCS consists of two DOs: (1) government accountability to citizens strengthened and, (2) socio-economic conditions improved, each with two intermediate results (IRs):

<sup>32</sup> US State Dept website < <https://www.state.gov/u-s-relations-with-bosnia-and-herzegovina/>>

<sup>33</sup> US State Dept <https://www.state.gov/reports/2021-report-on-international-religious-freedom/bosnia-and-herzegovina/>

<sup>34</sup> Worldometer elaboration of the latest United Nations data, <https://www.worldometers.info/world-population/bosnia-and-herzegovina-population/>

<sup>35</sup> USAID CDCS

<sup>36</sup> Ibid.



## **DO 1. Government accountability to citizens strengthened**

IR 1.1: Impact of Inclusive Citizen Engagement Improved

IR 1.2: Governance Effectiveness in Targeted Areas Strengthened

## **DO 2. Socio-economic conditions improved**

IR 2.1: Social Cohesion Strengthened

IR 2.2: Private Sector

The evaluation team reviewed secondary literature and program documents and reports and conducted interviews with Mission leadership and programmatic teams. Analysis focused on four Mission activities, across the two DOs and in the Democracy and Governance and Economic Growth Offices, which were identified as the most relevant to the study.

- **Investigative Journalism Program (IJP):** 2019–2024, \$2.5 million
  - Activity goal and purpose is that “citizens of BiH have access to unbiased information.”
  - Implemented by the Center for Media Development and Analysis.
- **Judiciary Against Corruption Activity (JACA):** 2019–2024, \$7.9 million
  - Activity goal: More effective, independent, and accountable justice actors.
  - Purpose: Selected justice sector institutions strengthened to combat corruption, economic, and organized crime.
  - Implemented by Development Professionals, Inc.
- **Assistance to Citizens in Fight Against Corruption Activity:** 2019–2024, \$7 million
  - Activity goal: “Increased citizens’ participation in the fight against corruption.”
  - Activity Purpose: to build a “civil society which is representative and credible in the fight against corruption.”
  - Implemented by the Centers for Civic Initiatives, in partnership with the Center for Media Development and Analysis and Transparency International BiH.
- **E-Governance Activity:** 2020–2025, \$10.9 million
  - Activity goal: Assist BiH to increase transparency and reduce corruption in targeted government-led processes, focusing on digitalization as a tool for fighting corruption.
  - Activity Purpose: Initiatives supported to increase transparency and decrease corruption in government-led processes targeted by the Activity.

- Implemented by Millennium Partners, LLC.

The ET conducted KIs relevant stakeholders at the Mission leadership level and activity level, including implementing partners (See **Table 5**). In addition, there were seven survey respondents from the USAID/BiH Mission.

**Table 5: Key Informant Interviews, BiH**

CATEGORY	NUMBERS
USAID Staff	5
IP Staff	2

The ET reviewed the following documents, reports, websites, and news articles:

**Table 6: Secondary Sources Reviewed, BiH**

NO	DOCUMENT	SOURCE
1	USAID/BiH CDCS 2020–2025	USAID
2	US State Department BiH Fact Sheet	US State Dept
3	The World Factbook – BiH	<a href="https://www.cia.gov/the-world-factbook/countries/bosnia-and-herzegovina/">https://www.cia.gov/the-world-factbook/countries/bosnia-and-herzegovina/</a>
4	USAID/BiH website	<a href="https://www.usaid.gov/bosnia-and-herzegovina">https://www.usaid.gov/bosnia-and-herzegovina</a>
5	USAID Project Fact Sheets, various	Provided by USAID
6	Midterm performance evaluation of the USAID Assistance to Citizens in Fight Against Corruption and IJP Activities	Report provided by USAID
7	USAID E-Governance Annual Report (2020–2021)	Report provided by USAID
8	Judicial Effectiveness Index of BiH, 2020–2021, USAID	<a href="https://www.measurebih.com/uimages/JEI-BiH-2021-Report-50820corrected.pdf">https://www.measurebih.com/uimages/JEI-BiH-2021-Report-50820corrected.pdf</a>
9	Midterm Performance Evaluation of the USAID Judiciary Against Corruption Activity, 2022	USAID MEASURE II
10	Balkan Barometer 2021 - Public Opinion, Regional Cooperation Council, 24 June 2002.	<a href="https://www.rcc.int/pubs/122/balkan-barometer-2021--public-opinion">https://www.rcc.int/pubs/122/balkan-barometer-2021--public-opinion</a>
11	National Survey of Citizens' Perceptions in BiH 2021, USAID MEASURE II	<a href="https://www.measurebih.com/uimages/2021-NSCP-BiH-Report.pdf">https://www.measurebih.com/uimages/2021-NSCP-BiH-Report.pdf</a>

NO	DOCUMENT	SOURCE
12	BiH Wikipedia Site	<a href="https://en.wikipedia.org/wiki/COVID-19_pandemic_in_Bosnia_and_Herzegovina#cite_note-153">https://en.wikipedia.org/wiki/COVID-19_pandemic_in_Bosnia_and_Herzegovina#cite_note-153</a>
13	Expert Report on Rule of Law issues in BiH, Brussels, 5 December 2019.	<a href="https://www.transparency.org/en/cpi/2021/index/bih">https://www.transparency.org/en/cpi/2021/index/bih</a>
14	Corruption Perception Index, 2022	<a href="https://www.transparency.org/en/cpi/2022">https://www.transparency.org/en/cpi/2022</a>
15	Transparency International, 2022 Corruption Perception Index Eastern Europe and Central Asia Report	<a href="https://www.transparency.org/en/press/2022-corruption-perceptions-index-eastern-europe-central-asia-corruption-fuels-violent-conflict">https://www.transparency.org/en/press/2022-corruption-perceptions-index-eastern-europe-central-asia-corruption-fuels-violent-conflict</a>
16	Transparency International, 2021 Corruption Perception Index Eastern Europe and Central Asia Report	<a href="https://www.transparency.org/en/press/2021-corruption-perceptions-index-press-release">https://www.transparency.org/en/press/2021-corruption-perceptions-index-press-release</a>
17	As Economy Recovers, BiH Should Focus on Job Creation	World Bank, <a href="https://www.worldbank.org/en/news/press-release/2021/10/21/as-economy-recovers-bosnia-and-herzegovina-should-focus-on-job-creation">https://www.worldbank.org/en/news/press-release/2021/10/21/as-economy-recovers-bosnia-and-herzegovina-should-focus-on-job-creation</a>

### III. FINDINGS

#### FRAMING QUESTION: EFFECT OF COVID-19 PANDEMIC ON CORRUPTION.

Corruption is widely seen as an impediment to social and economic development in BiH and an obstacle to EU accession. BiH consistently ranks in the bottom half of many global corruption indicators. The Global Corruption Barometer reported that 20 percent of public service users paid a bribe in the previous 12 months.<sup>37</sup> Transparency International's 2021 CPI ranks BiH 110 out of 180 countries. In the Balkan Barometer 2021, an annual public and business opinion survey by the Regional Cooperation Council, 82.7 percent of participants in BiH find the judiciary to be the most corrupt sector.<sup>38</sup> Moreover, in the 2021 National Survey of Citizens' Perceptions,<sup>39</sup> more than a third of respondents (38 percent) viewed the court system as extremely affected by corruption, a substantial increase compared to previous years and an all-time record high since the inception of this survey in 2015. The criminal justice system in BiH fails to combat serious crime and corruption. None of the four existing criminal justice jurisdictions is adequately functioning.<sup>40</sup>

Journalists regularly face verbal threats, lawsuits, and physical attacks, and the government continues to manipulate the media. Whistleblower protection laws are inadequately implemented, with court rulings often ignored and whistleblowers intimidated. Courts are largely unable to prosecute corruption cases,

<sup>37</sup> Transparency International, <https://www.transparency.org/en/gcb>

<sup>38</sup> Balkan Barometer 2021 - Public Opinion, Regional Cooperation Council, 24 June 2021. Available at: <https://www.rcc.int/pubs/122/balkan-barometer-2021--public-opinion>

<sup>39</sup> Source: MEASURE II, <https://www.measurebih.com/about-measure-ii>

<sup>40</sup> Expert Report on Rule of Law issues in Bosnia and Herzegovina, Brussels, 5 December 2019. Available at: <https://www.transparency.org/en/cpi/2021/index/bih>

particularly grand corruption cases, and important legal reforms to conflicts of interest, public procurement, and the judicial system have been delayed and watered down due to political resistance.

As of January 15, 2023, BiH reported 16,214 deaths from COVID, 5,022 deaths/million, in addition to 401,187 cases, representing one of the highest COVID death rates in the world (495/100k).<sup>41</sup> In March 2020, the Federation of BiH enacted a two-week shutdown of all schools, high schools, and universities to contain the spread of the virus, which was later prolonged by all cantons. The BiH economy has contracted significantly during the pandemic, including by 3.1 percent in 2020.<sup>42</sup> Unemployment numbers increased by 96,767. The UN highlighted the need for recovery efforts to focus on social cohesion and cited the economy as the most pressing issue to help the country recover from the pandemic.

The COVID-19 pandemic worsened corruption in BiH. Respondents universally cited emblematic cases related to the procurement of health equipment, such as ventilators, which are currently under prosecution and directly linked to COVID-19 response. In one particularly high-profile case, the former Prime Minister was arrested and is being prosecuted for links to a fruit and produce company that was given a contract for procuring ventilators at an extremely high cost. Reports indicate \$10 million was spent on 100 ventilators. Others mentioned the high incidence of kickbacks for public officials related to the procurement of materials for COVID response. In a separate case, a company won a contract to build a medical facility that was never constructed.

Civil society respondents stated that while there are a few symbolic cases, such as the fruit company case, there are many more cases that have not been investigated. The sheer increase in funds being used to procure health equipment overwhelmed what was already a weak and vulnerable system. The respondents cited the example of an investigation they published on a travel agency that provided kickbacks to public officials for procuring health equipment, which was never prosecuted. This episode suggests the scale of corruption related to the pandemic, as is often the case with endemic corruption, is much higher than documented.

The BiH government initiated a pandemic economic stimulus support package for small businesses, particularly those focused on tourism. The program mostly used cash transfers, but its administration was decentralized to local levels, including to cantons under the Bosnia Federation. Many reports surfaced that these funds never reached their intended destination, but no investigations or court cases resulted. Only recently has one canton reported sending inspectors to businesses to see if they received funds and how the funds were spent.

While respondents were consistent in citing corruption cases linked to COVID response, including high-profile cases, there was some difference of opinion on whether corruption actually increased during the pandemic or whether it was just an already corrupt system taking advantage of new opportunities. All respondents agreed that corruption existed long before the pandemic. Some respondents pointed to the complicated governance structure within BiH as making the country particularly prone to corruption and restricting the capacity of government to track and investigate it. One respondent cited the “14 layers of government” unique to BiH. However, upon further questioning, the volume of opportunities provided by the influx and reallocation of funds for COVID response, including economic hardship

<sup>41</sup> <https://ourworldindata.org/coronavirus/country/bosnia-and-herzegovina>

<sup>42</sup> See World Bank figures, <https://www.worldbank.org/en/news/press-release/2021/10/21/as-economy-recovers-bosnia-and-herzegovina-should-focus-on-job-creation>

programs, was at a level so much greater than previous funding levels that the number and size of corrupt acts increased concomitantly.

Respondents from the JACA activity cited the complications that the relaxation of procurement laws from the statement of emergency declaration caused, allowing an already vulnerable procurement system to be fully exploited for rent-seeking. They cited the difficulties of investigations, prosecutions, and courts to fully operate and respond to allegations, given the lockdown and restrictions on in-person meetings.

Respondents from the IJP stated that procurement corruption that had already existed began to be more visible in new areas, such as health procurements. This observation suggests the pandemic expanded the sectors vulnerable to corruption, providing new opportunities to siphon off public funds and corrupting more public officials. According to their investigations, COVID response became a loosely defined justification for public use and misuse of funds beyond health procurements, and the lack of direct monitoring and decreased investigative capacity created an environment that welcomed corruption even more than usual.

#### **EQ 1: ADAPTATIONS TO COVID-19 ASSOCIATED CORRUPTION.**

USAID/BiH was already largely focused on corruption issues and had an extensive portfolio of AC activities at the start of the pandemic. Every activity manager and stakeholder interviewed, along with Mission leadership, indicated an enduring strategic focus on preventing and responding to corruption that predated the COVID-19 pandemic. This strategic focus corresponds with project documents reviewed by the ET, all of which identified corruption as a major barrier to BiH's continued development and progression toward EU accession status.

While USAID/BiH did not need to increase the focus of its programming on AC, it did need to change its modalities. Respondents from the JACA activity in particular cited the need to procure new equipment (e.g., plastic shields) and technology that facilitated the continued operation of courts under new health guidelines. JACA developed new training and technical assistance for prosecutors during the pandemic to help them improve their response to new areas of corruption and handle more complex cases of organized crime and legal jurisprudence, including EU law on organized crime and corruption in public procurement.

Respondents indicated that new corruption concerns arose during the pandemic, which required a change in approach by local partners. Media and civil society were able to adapt to these new issues and operating realities. Economic stimulus and hardship support initiatives intended for small businesses were decentralized in their administration and hard to track. Respondents reported that only a few, well-connected businesses received the stimulus support, but there were no investigations or prosecutions. Only recently have canton governments started inspections of local businesses that were supposed to have received funds.

Civil society respondents, including partners of the Assistance to Citizens in Fight Against Corruption activity, signaled positive developments, such as the increase in private sector whistleblower collaborators and renewed concerns over political party financing, which actually resulted in increased collaboration between stakeholders during the pandemic.

The E-Governance activity is managed by USAID's Economic Growth Office. It was designed before the onset of the pandemic and focused on increasing transparency through digitalization of government functions. While the need for the activity came into stark relief during the pandemic, stakeholders did not believe that the activity needed to change significantly in response to COVID. E-Governance was already focused on public procurement, inspections, e-construction permits, e-social registers, e-signatures, and other digital processes. These areas only increased in importance, as vulnerabilities in the procurement system were revealed through major cases of fraud. Additionally, the project enhanced efforts to support systems that better tracked ministries' use of funds designated to targeted populations, such as pensioners, disabled, unemployed and veterans. Targeting of COVID support funds and government services to these vulnerable populations increased as a response to the pandemic and thus required even better systems for tracking use and impact.

USAID/BiH does not have an extensive health portfolio. As a result, and despite high levels of COVID deaths per capita, it did not receive a large influx of COVID response funds. USAID provided COVID response funds to UNICEF to support vaccine purchases. However, the UNICEF activity did not include any explicit corruption control elements. Some respondents voiced concerns that government vaccine purchase programs supported by UNICEF were corrupt.

Respondents from each of the activities indicated that while some changes in programming and equipment purchases were required to respond to the pandemic, they did not require protracted contract modifications. Instead, contract redirections (four were done for JACA alone) were all that was required, due to existing flexible budget lines and provisions for extraordinary circumstances in the contracts. Respondents pointed to quick approvals by the Mission Director, Regional Legal Advisor, and a special body in USAID Washington that expedited approval of these redirections.

Respondents felt the flexibility in contracts/cooperative agreements to make COVID adaptations was still inadequate. They suggested the adoption of even more mechanisms to facilitate adaptations. In addition, while rapid response funds exist for humanitarian disasters, the COVID pandemic was not accepted as a justification to tap these funds.

## **EQ 2: EFFECTIVENESS OF ADAPTATIONS TO PANDEMIC-ASSOCIATED CORRUPTION.**

USAID/BiH leadership largely felt that it was too early to determine the effectiveness of individual activities, as many systems were still in development, and impact evaluations covering the pandemic period and addressing AC have not yet been carried out. E-Governance stakeholders felt that while its activities were responsive to PAC, the systems being developed since the start of the project in April 2020 were too nascent to properly determine effectiveness.

Other respondents, however, had stronger opinions and felt that the corruption scandals related to the pandemic reinforced the importance of their AC programs. For example, multiple respondents indicated that support to investigative journalism, including through IJP, was essential to uncovering corruption and pressuring government to investigate and prosecute. They observed that local journalists and independent media partners supported by IJP responded nimbly to corruption concerns associated with the pandemic response. These journalists tracked and monitored new public spending, including procurements, which responded to COVID. Support to citizen initiatives to raise public awareness on issues of corruption, combined with support to independent media increased visibility of corruption issues related to the pandemic. Collaboration between USAID's prosecution support activities and

investigative journalism and civic engagement activities facilitated official responses. Investigative journalists revealed the larger scandals surrounding procurement of ventilators. CSO pressure applied after publication of the journalists' findings encouraged prosecutors to investigate and prosecute.

Adjustments of legal assistance interventions, such as those implemented by the local TI chapter, demonstrated effective adaptation by incorporating a greater focus on corruption complaints related to public procurements, health services, economic stimulus funds, and other areas of high importance to the population during the pandemic. As detailed above, cash transfer programs to support small businesses affected by the pandemic were criticized as largely not reaching their intended recipients. The decentralized administration of these funds at the canton level made it hard for national level actors to monitor whether they reached their final destination. Complaints from individual business owners indicated that this could be an even wider-reaching issue. USAID did not respond immediately to concerns of misuse of funds at the local government level. However, it designed a new local government support activity, which began implementation in 2022.

Discrete areas of public procurement showed promise to help prevent corruption enabled by the pandemic. In particular, development of a system that creates digital certificates and a performance database for vendors (like the USAID Contractor Performance Assessment Reporting System) should reduce irregular and fraudulent procurements such as those that occurred with ventilators and other COVID-response equipment.

### **EQ 3: COORDINATION OF ADAPATIONS ACROSS STAKEHOLDERS.**

Coordination did not seem to be a particularly strong aspect of donor COVID response in BiH, except around vaccine donation, where UNICEF was the main coordinating body. The Deputy Mission Director managed the UNICEF funds directly.

Respondents did not identify any donor-led external AC bodies or task forces during the pandemic period. There was donor interest in the conflict-of-interest law, but not on rule of law or corruption.

Most of the coordination cited for AC was internal to USAID and between USAID projects and local Bosnian stakeholders. IJP stakeholders cited regular coordination with the JACA activity and the Center for Civic Initiatives, the prime implementer of the Assistance to Citizens in Fight Against Corruption activity. Coordination focused on sharing of information on corruption cases and referring cases for further investigation or other action, including cases related to COVID procurements. For example, USAID activities and partners held regular coordination meetings, including with experts, to consolidate information for the investigation and prosecution of respirator procurement case.

Coordination on procurement support, including for equipment to support COVID response, was not centralized through USAID, the government, or donors, but occurred through regular communication between USAID activities and partners. For example, E-Governance and Assistance to Citizens in Fight Against Corruption activities collaborated on efforts to support development of an open data platform for procurements and public services.

Per respondents, USAID activities did not coordinate with health authorities on corruption related to the COVID public health response. Respondents were not aware if this type of coordination with health-focused institutions occurred at the Embassy or Mission-level, including with UNICEF.

## **ANNEX D, INDONESIA CASE STUDY**



## I. COUNTRY CONTEXT

Despite making enormous progress in development and political and economic resilience in recent years, Indonesia has not yet overcome its reputation as a country severely impacted by corruption. Indonesia's government struggled to put in place sustainable, effective AC institutions prior to the pandemic.

The GOI created the Corruption Eradication Commission (KPK) in 2003 to fight corruption, conduct investigations and prosecutions of corruption, prevent corrupt activity, and monitor state governance. The KPK has carried out its responsibilities seriously but faces difficult challenges. In 2016, the KPK reported a 100 percent conviction rate and recovered approximately \$35 million in state assets. Pressure from Indonesia elites led the legislature to approve a 2019 law weakening the KPK, transforming it from an independent agency to a central government body that focuses more on corruption prevention than eradication.<sup>43</sup> In 2021, in response to pressure from anti-democratic elites in the national legislature, the GOI dismissed 51 KPK employees for failing a controversial national vision test (a mechanism used to weaken if not destroy the Commission's capacity to fight corruption).<sup>44</sup> Investigative reporting done by *IndonesiaLeaks*, a whistleblowing platform supported by USAID's MEDIA project, revealed the involvement of current KPK leadership in manipulating the test.<sup>45</sup>

Large percentages of Indonesians believe that government institutions are corrupt. According to Transparency International's Global Corruption Barometer-Asia for 2020, the percentage of people who think that most or all people in these institutions are involved in corruption is 51 percent for members of Parliament, 48 percent for local government officers, 45 percent for government officials and 33 percent for police.<sup>46</sup>

Many interviewees reported widespread corruption, from procurement kickbacks to police abuse to bribes for business permitting and drivers licenses. According to one CSO respondent, some of the most corrupted institutions are the Ministries of Religious Affairs and Education Affairs. Indonesians hear about high-level corruption from the media every day but experience petty corruption frequently in their daily lives.

President Joko Widodo, who has been in place since 2014, expressed his commitment to fighting corruption but could not prevent multiple investigations of his administration during the pandemic. He called for a battle against widespread corruption in the country, urging the need for a "mental revolution" that includes a stop to greediness and corruption in society.<sup>47</sup> His administration's recent scandals include the prosecution of the Minister of Social Affairs for corruption associated with COVID

<sup>43</sup> "Indonesia's KPK Anti-Corruption Future is Grim," ASEAN News Today, March 18, 2020, <https://aseanewstoday.com/2020/indonesias-kpks-anti-corruption-future-is-grim/>

<sup>44</sup> Abdil Mughis Mudhoffir and Rafiqqa Qurrata A'yun, "The destruction of the KPK flags the failure of democratic legal reform in Indonesia," June 17, 2021, <https://indonesiaatmelbourne.unimelb.edu.au/the-destruction-of-the-kpk-flags-the-failure-of-democratic-legal-reform-in-indonesia/>

<sup>45</sup> Internews, USAID/Indonesia Media Empowerment for Democratic Integrity and Accountability (MEDIA) Annual Report, Aug. 11, 2020-Sep. 30, 2021

<sup>46</sup> <https://www.transparency.org/en/gcb/asia/asia-2020/results/idn>

<sup>47</sup> Indonesia Investments, <https://www.indonesia-investments.com/business/risks/corruption/item235>

social aid and the arrest of a Supreme Court judge accused of taking bribes to resolve a bankruptcy favorably.<sup>48, 49</sup>

## II. METHODOLOGY

This case study examines four USAID/Indonesia activities that support the four interlinked DOs of the Indonesia CDCS (see more details regarding the CDCS below). The following is a brief overview of USAID Indonesia activities examined in this Mission case study. Those activities likely to have pivoted in response to PAC were selected based on conversations with key USAID personnel. Analysis of each activity against the EQs follows below.

- **CEGAH: 2016–2021; \$23.6 million**
  - Goals: Strengthen institutions, rules, and reform champions to support the GOI’s AC agenda. Build the AC capacity of the judiciary, executive, independent AC agencies, civil society, media, and the private sector.
  - Primary Implementing Partner: Management Systems International
- **Madani: 2019–2024; \$19.8 million**
  - Goals: Help targeted CSOs advocate for government accountability and tolerance in their communities in 32 districts of six provinces. Mainstream anti-corruption on issues of concern to local governments.
  - Primary Implementing Partner: FHI 360
- **Economic Growth Support Activity (EGSA): 2019–2022; \$7 million**
  - Goal: Strengthen the GOI’s capacity in effective tax collection and budget execution and improve the business-enabling environment for foreign and domestic business.
  - Primary Implementing Partner: DevTech Systems
- **Media Empowerment for Democratic Integrity and Accountability (MEDIA): 2020–2025; \$8 million**
  - Goal: Increase the availability of and access to quality information for local communities and national audiences. Strengthen public-interest media and CSOs seeking to ensure government accountability, hold business interests to account, and counter misinformation and disinformation.
  - Primary Implementing Partner: Internews

<sup>48</sup> Sebastian Strangio, “Another Indonesian Minister Detained on Bribery Charges,” The Diplomat, December 7, 2020, <https://thediplomat.com/2020/12/another-indonesian-minister-arrested-on-bribery-charges/>

<sup>49</sup> “Indonesia anti-graft body arrests Supreme Court judge over bribery scandal,” Reuters, September 22, 2022, <https://www.reuters.com/world/asia-pacific/indonesia-anti-graft-body-arrests-supreme-court-judge-over-bribery-scandal-2022-09-23/>

Key Informant Interviews were conducted with relevant stakeholders at the Mission leadership level and activity level, including implementing partners (See **Table 7**).

**Table 7: Key Informant Interviews, Indonesia**

CATEGORY	NUMBERS
USAID Staff	5
IP Staff	4
Grantees	3

The ET reviewed secondary sources, including program documents, reports, news articles, websites, and other resources, which are captured in Table 8.

**Table 8: Secondary Sources Reviewed, Indonesia**

NO	DOCUMENT	SOURCE
1	USAID/Indonesia CDCS 2020–2025	USAID
2	Number of reported crime cases for bribery, corruption or fraud in Indonesia from 2012 to 2021	<a href="https://www.statista.com/statistics/933720/indonesia-number-bribery-corruption-or-fraud-crimes/">https://www.statista.com/statistics/933720/indonesia-number-bribery-corruption-or-fraud-crimes/</a>
3	Rapid Assessment of COVID-19 Impacts on Women and Disadvantaged Groups, September 2020	USAID Indonesia
4	USAID/Indonesia website	<a href="https://www.usaid.gov/indonesia">https://www.usaid.gov/indonesia</a>
5	USAID CEGAH Project Final Report, May 31, 2016 – November 30, 2021	Management Systems International
6	Final Evaluation Report: Final Performance Evaluation of USAID CEGAH	Social Impact
7	Madani – Civil Society Support Initiative, Annual Progress Report, FY 2021, October 1, 2020 - September 30, 2021	FHI 360
8	Government Service Residents Survey Report During the Covid-19 Pandemic (in Indonesian)	Madani and International NGO Forum on Indonesian Development
9	CSO Perception Survey on Government Programs in Handling COVID-19 (in Indonesian)	Madani and International NGO Forum on Indonesian Development

NO	DOCUMENT	SOURCE
10	Annual Report FY 2021, EGSA	DevTech Systems
11	EGSA Monitoring Evaluation and Learning Plan	DevTech Systems
12	Activity Monitoring, Evaluation & Learning Plan Amendment. EGSA	DevTech Systems
13	Annual Report, August 11, 2020 – September 30, 2021, Indonesia MEDIA	Internews
14	Indonesia: Coronavirus Pandemic Country Profile	Our World in Data, <a href="https://ourworldindata.org/coronavirus/country/indonesia">https://ourworldindata.org/coronavirus/country/indonesia</a>
15	Corruption Perception Index, 2022	<a href="https://www.transparency.org/en/cpi/2022/index/idn">https://www.transparency.org/en/cpi/2022/index/idn</a>
16	Transparency International, Global Corruption Barometer – Asia, 2020	<a href="https://www.transparency.org/en/gcb/asia/asia-2020/results/idn">https://www.transparency.org/en/gcb/asia/asia-2020/results/idn</a>
17	“The destruction of the KPK flags the failure of democratic legal reform in Indonesia”	Abdil Mughis Mudhoffir and Rafiqqa Qurrata A'yun, June 17, 2021, <a href="https://indonesiaatmelbourne.unimelb.edu.au/the-destruction-of-the-kpk-flags-the-failure-of-democratic-legal-reform-in-indonesia/">https://indonesiaatmelbourne.unimelb.edu.au/the-destruction-of-the-kpk-flags-the-failure-of-democratic-legal-reform-in-indonesia/</a>
18	Indonesia Investments	<a href="https://www.indonesia-investments.com/business/risks/corruption/item235">https://www.indonesia-investments.com/business/risks/corruption/item235</a>
19	“Another Indonesian Minister Detained on Bribery Charges”	Sebastian Strangio, The Diplomat, December 7, 2020 <a href="https://thediplomat.com/2020/12/another-indonesian-minister-arrested-on-bribery-charges/">https://thediplomat.com/2020/12/another-indonesian-minister-arrested-on-bribery-charges/</a>
20	“Indonesia anti-graft body arrests Supreme Court judge over bribery scandal”	Reuters, September 22, 2022, <a href="https://www.reuters.com/world/asia-pacific/indonesia-anti-graft-body-arrests-supreme-court-judge-over-bribery-scandal-2022-09-23/">https://www.reuters.com/world/asia-pacific/indonesia-anti-graft-body-arrests-supreme-court-judge-over-bribery-scandal-2022-09-23/</a>
21	Indonesia Growth Diagnostics Study: Strategic Priority to Boost Indonesian Growth, 2019.	Indonesia Ministry of National Development Planning
22	“Indonesia’s KPK Anti-Corruption Future is Grim”	Association of Southeast Asian Nations News Today, March 18, 2020, <a href="https://aseannewstoday.com/2020/indonesias-kpks-anti-corruption-future-is-grim/">https://aseannewstoday.com/2020/indonesias-kpks-anti-corruption-future-is-grim/</a>
23	“Analysis of the Social and Economic Impacts of COVID-19 on Households	UNICEF, United Nations Development Programme, Prospera, and SMERU Research Institute, May 2021,

NO	DOCUMENT	SOURCE
	and Strategic Policy Recommendations for Indonesia,”	<a href="https://www.unicef.org/indonesia/coronavirus/reports/socio-economic-impact-COVID-19-households-indonesia">https://www.unicef.org/indonesia/coronavirus/reports/socio-economic-impact-COVID-19-households-indonesia</a>

### III. FINDINGS

#### FRAMING QUESTION: EFFECT OF COVID-19 PANDEMIC ON CORRUPTION

COVID devastated Indonesia, and government mismanagement compounded its impact. As of February 11, 2023, Indonesia reported 160,860 deaths from COVID (584 deaths/million), in addition to 6.73 million cases.<sup>50</sup> A USAID official observed that the pandemic uncovered the lack of resilience of Indonesia’s health sector financing, systems and services. It created second-order effects, including corruption, which impacted tens of millions of Indonesians.<sup>51</sup> An inordinate delay in requiring a lockdown increased the intensity of economic damage by COVID.

COVID created new opportunities for corruption. A civil society respondent reported that the pandemic forced Indonesians to change their ways of life, their relations with the private sector, and their interactions with government. It forced the government to change its policies, programs, and monitoring processes. These changes created opportunities for exploitation by corrupt actors. A USAID Indonesia respondent to SI’s survey of Agency AC activity managers attributed the increase of corruption during the pandemic to “more lenient law and regulation and restriction, ... (reduced) accountability and transparency of government procurement and... increased opportunities for conflict of interest.”

USAID respondents agreed that new opportunities for corruption emerged during the pandemic. For example, according to USAID health sector officials, procurement of COVID-related equipment and supplies became a new means for corruption. In addition, multiple respondents highlighted that the GOI provided targeted assistance to vulnerable people and businesses affected by COVID, which created another risk for corruption. One USAID respondent to the survey observed that COVID increased corruption in Indonesia through “conflict of interest, policy-making, policy implementation and misuse of public funds (COVID-19 recovery fund) by public officials/politicians.”

Both the levels and the nature of corruption changed during the pandemic due to increased difficulty in monitoring programs, activities, and expenditures. The Transparency International CPI score for Indonesia improved from 32 in 2012 to 38 in 2021, when it ranked 96 out of 180 countries and territories. However, the CPI score dropped to 34 in 2022, and the rank fell to 110 out of 180.<sup>52</sup>

Indonesian citizens have reported fewer corruption cases in recent years, continuing into the COVID period. Data from 2023 show that the number of reported crime cases for bribery, corruption or fraud

<sup>50</sup> <https://ourworldindata.org/coronavirus>

<sup>51</sup> UNICEF, United Nations Development Programme, Prospera, and SMERU Research Institute, “Analysis of the Social and Economic Impacts of COVID-19 on Households and Strategic Policy Recommendations for Indonesia,” May 2021, <https://www.unicef.org/indonesia/coronavirus/reports/socio-economic-impact-COVID-19-households-indonesia>

<sup>52</sup> <https://www.transparency.org/en/cpi/2022/index/idn>

dropped from 48,044 in 2012 to 35,093 in 2021.<sup>53</sup> Nevertheless, most citizens consider government corruption to be a big problem.

Many government and civil society respondents stressed that the pandemic reduced the capacity of the GOI to monitor its programs and activities, most of which transitioned from in-person to online. CSOs and media contacts reported that COVID increased the challenges they faced in monitoring government. In response to COVID, the government increased funding levels for procurement of health items and expanded the size of the social safety net, creating new monitoring challenges.

Government officials acknowledged that they focused on increasing the speed of procurement and placed less emphasis on implementing controls for corruption. The GOI resisted sharing information on procurement needed for civil society monitoring, according to CSOs and media.

According to USAID and government respondents, opportunities for corruption at the local level increased due to the transfer of an average of \$70,000 per village to village funds, which began in 2015 and ramped up during the pandemic. One respondent said, “Village government management and control systems are not there.”

According to multiple respondents, the media kept Indonesians aware of increasing numbers of high-level corruption cases. During the pandemic, government and justice system AC institutions took steps against corruption by investigating and prosecuting high-level officials. A few corruption cases were linked to COVID, such as the personal benefit of the Minister of Social Affairs and his aides from a donation.

USAID and civil society respondents reported that the GOI reduced transparency, attacked CSOs and media, and rolled back democratic progress. A CSO respondent stressed that budget transparency decreased at the national and local levels during the pandemic. One CSO respondent noted, “The Jokowi Administration really focuses on economic issues at the expense of democracy and good governance.” According to the respondent, the GOI gave senior officials increased discretion, particularly in procurement, and covered up their abuses. It stifled and harassed CSOs that sought to prevent and control corruption.

## EQ 1: ADAPTATIONS TO PANDEMIC-ASSOCIATED CORRUPTION

**MISSION-LEVEL ADAPTATIONS TO PANDEMIC-ASSOCIATED CORRUPTION.** USAID developed its CDCS for 2020–2025 during the pandemic. The CDCS addresses corruption primarily through DO 1 but focuses on the problem through each of its four DO’s: DO 1 – Effective democratic governance strengthened; DO 2 – Inclusive economic growth increased; DO 3 – Environmental sustainability improved; and DO 4 – Priority health outcomes improved.

Under DO 1, it uses a supply and demand approach to fighting corruption by targeting government and civil society. One of USAID’s broad priorities for DO 1 is governance and AC efforts. One of the sub-IRs for DO 1 is increased accountability and integrity in public sector performance.

<sup>53</sup> <https://www.statista.com/statistics/933720/indonesia-number-bribery-corruption-or-fraud-crimes/>

At the strategic level, USAID/Indonesia did not change its approach to corruption in response to the pandemic. According to a respondent involved in the drafting of the CDCS, the Mission-based its anti-corruption strategy on an assessment of the success of previous AC efforts rather than on concerns about the impact of COVID on corruption.

Even if the pandemic surges again, the Mission is unlikely to change its approach to corruption. According to the same respondent, USAID/Indonesia engages in strategic stocktaking from time to time. However, project monitoring and evaluation data during the pandemic did not justify changing the approach to corruption. The Mission was aware that it could not focus on all aspects of corruption or support all approaches to fighting it, but it felt comfortable with its strategic approach.

Although the Mission received COVID supplemental funds, it did not use them to fight corruption during the pandemic. A USAID Health Office member reported that USAID received COVID supplemental funds to support COVID-related health services. However, these funds did not support AC components of health governance. According to another USAID official, the supplemental funds supported health services delivery with standard controls against fraud and abuse.

#### **PROJECT LEVEL ADAPTATIONS TO PANDEMIC-ASSOCIATED CORRUPTION.**

**CEGAH:** CEGAH adapted well to COVID and the increased risks of corruption that it brought to both Indonesian institutions and the activity itself. USAID extended the project by six months to allow CEGAH to implement such adaptations and to prepare for the initiation of INTEGRITAS, the follow-up AC activity. According to activity partners, USAID expedited approval of necessary changes, particularly those associated with moving CEGAH-funded activities online. When the judiciary could no longer hold in-person hearings, USAID agreed quickly to proposals for CEGAH to help the judiciary establish electronic hearings, according to one respondent.

CEGAH adapted to a changing GOI budget environment during the pandemic. When the GOI reduced funding for AC activities to fund unplanned activities responding to COVID, CEGAH made up for some of these gaps. For example, according to a CEGAH partner, the activity increased its ongoing support for the KPK to compensate for cuts to its budget.

To deal with new corruption risks such as those affecting expansions in targeted social support programs, CEGAH adjusted its components. For example, on top of its ongoing support to the Ministry of Administrative and Bureaucratic Reform to sustain the SP4N-LAPOR [Indonesian acronym for National Public Service Complaint Management System - People's Online Aspirations and Complaints Service] electronic complaint system, it helped the Ministry add a filter to facilitate identification and responses to complaints about potential corruption of the COVID response program for vulnerable people. A government official reported, "The lists of poor people were inaccurate, resulting in undistributed or inadequate aid. SP4N-LAPOR received complaints about this and other abuses of power in implementing the social assistance program. That is the system's main role during the pandemic."

Similarly, CEGAH allowed CSOs to change their AC advocacy activities from monitoring corruption generally to monitoring the implementation of the COVID social support programs. A grantee reported that with CEGAH support, it monitored the procurement and distribution of social support for a year and made recommendations to the Ministry of Social Affairs on preventing corruption.



CEGAH adapted to increased corruption risk in procuring health supplies to deal with COVID. According to one respondent, the activity modified its existing hospital procurement training to the special requirements of procuring ventilators, personal protective equipment, and vaccines. The training helped hospital managers prepare corruption risk mitigation plans that addressed COVID procurement.

CEGAH undertook its own advocacy on PAC. According to one USAID official, the activity initiated and shared with the government a survey of public opinion on corruption during the pandemic. It also facilitated government review of civil society policy recommendations on health system procurement and social aid.

**Madani:** Madani made several adaptations to PAC. It adapted its support for local government budget transparency to new resources provided during the pandemic. One respondent reported that the activity modified the work of two CSOs working on budget transparency and community participation to address increases in the size of large-scale village funds during COVID. The CSOs helped governments mitigate deficiencies in financial oversight by promoting transparency and facilitating community participation in management of the village funds.

Before the pandemic, Madani helped a CSO counter misinformation. According to one respondent, during the pandemic, the CSO adapted its activities by targeting misinformation about COVID through a micro-website that allows people to identify hoaxes about COVID and find correct information.

During the pandemic, Madani dropped irrelevant activities and focused on those activities that could be sustainable, according to a USAID official. For example, the activity dropped a component advocating for improved access to information at the local level. One CSO reported that it provided virtual training to local organizations on public service corruption, how to fight it and how to integrate AC rules. Because this approach led to disappointing results, Madani dropped it and asked the CSO to strengthen the internal governance of these organizations.

Madani's only new initiatives during the pandemic were surveys, "CSO Perceptions of the Government Program in Management of the COVID-19 Pandemic and the Impact of the Pandemic on CSOs," and "Citizen Survey on Government Services during the COVID Pandemic." Both of these surveys included questions addressing the potential for corruption during the pandemic. A CSO informed the ET that it used the survey results for advocacy.

The focus of several Madani-funded CSO activities addressed PAC. According to our respondents, CSOs helped community health centers create feedback mechanisms on service delivery during the pandemic. CSOs focusing on budget transparency mainstreamed AC in waste management and procurement. Other CSOs advocated local governments to improve the targeting of vaccines and government COVID social support on the disadvantaged.

While recognizing increased risks from corruption in response to COVID, Madani made no changes in its work plan or project documents. USAID gave it no additional funds, according to our respondents.

**MEDIA:** Although the media environment in Indonesia became more challenging during the pandemic, the MEDIA activity did not pivot formally to respond to PAC. Instead, it used its existing interventions to address PAC. Due to its political sensitivity, MEDIA is not under USAID's bilateral agreement, so the activity adapted its interventions during the pandemic without GOI approval.



The activity supported journalists' coverage of several COVID-specific issues. One respondent reported that MEDIA adapted its pre-existing AC component to areas of potential corruption during the pandemic, including COVID health procurement, management of recently created village funds, and distribution of COVID-related social assistance.

MEDIA increased the impact of a worldwide program supported by USAID Washington COVID-19 funds, which funded COVID-specific investigative journalism activities in Indonesia. Internews used the global funding to fund a CSO that identified and investigated potential corruption in the procurement of COVID vaccines and test kits. Once the investigation was completed and reported, the CSO made a press statement to demand GOI accountability. MEDIA created a documentary film to highlight these findings.

MEDIA has built the capacity of local journalists to report on corruption and undertake investigations, but a USAID respondent reported that investigations have not yet found evidence of corruption related to COVID. Through AC schools, investigative journalist clubs, and AC journalism competitions, MEDIA has helped local journalists uncover corruption during the pandemic.

MEDIA has built the capacity of citizen journalists to identify and report on potential corruption at the village level in the management of village funds and delivery of COVID social assistance. According to one respondent, during the pandemic it has been risky for citizens to do such reporting. A MEDIA grantee has trained citizen journalists on safety and encouraged them to work with journalists who could protect them and publish their reports in the local media.

One MEDIA grantee reported that 2020–2022 were the darkest years for media freedom due to a large increase in attacks and threats on journalists. In response to stories focusing on corruption, including corruption associated with the pandemic, the GOI prosecuted many journalists. MEDIA grantees have defended them and advocated against misuse of the electronic information law. They have trained women journalists on digital safety and encouraged whistleblowers to share information with *IndonesiaLeaks*, a platform to report public interest crimes, including corruption, through a safe platform.

A MEDIA grantee builds the capacity of journalists to check facts. One respondent noted that fact-checking helps the GOI to fight inaccurate information about COVID-19. The MEDIA grantee manages a portal that counters hoaxes about COVID-19, such as poor vaccine efficacy.

**EGSA:** EGSA was not created to address corruption directly but prepared studies and recommendations to improve the performance of institutions affected by corruption during the pandemic. These institutions included revenue collection agencies, savings and loans cooperatives and the Ministry of Finance's office focusing on COVID subsidies to micro-, small- and medium-enterprises (MSMEs). The activity made no formal or informal pivots to address changes in the level or nature of corruption associated with COVID, according to a USAID official. The activity did undertake studies that addressed issues relevant to corruption, including PAC.

EGSA studied the economic impact of COVID and identified ways for the government to support businesses affected by COVID. The COVID lockdown in Indonesia led to a drop in economic activity at the beginning of 2021. The country faced a recession, with negative Gross Domestic Product (GDP) growth. According to one respondent, EGSA recommended that the MSME COVID subsidy program

focus first on the food and beverage sector. However, the activity did not make any recommendations on controlling program implementation or addressing corruption risks.

In one province, EGSA studied and made recommendations to increase revenue collection. The provincial agency wanted to move payments online and reduce opportunities for kickbacks. According to one respondent, EGSA recommended eliminating penalties, which the Agency accepted, resulting in increased tax payments.

## EQ 2: EFFECTIVENESS OF ADAPTATIONS TO PANDEMIC-ASSOCIATED CORRUPTION

While the ET gained an appreciation for the Mission's efforts to fight corruption generally, it was unable to collect data necessary to determine which among USAID Indonesia's AC activities made the most effective adaptation to PAC. None of the activities studied by the ET made formal pivots to address PAC, although the Mission extended CEGAH by six months to address COVID-related issues. However, each of the activities adapted its interventions to the changes in corruption risks and levels during the pandemic. This section presents the effectiveness of the four Mission activities in addressing corruption that occurred during the pandemic, rather than their effectiveness in fighting PAC.

**CEGAH:** During the last 18 months of the activity, CEGAH gathered some evidence on its effectiveness in addressing corruption and PAC. According to one respondent, eight surveys showed that some interventions were beginning to reduce corruption in the geographic and demographic areas targeted. In some areas, they could not measure impact. The project closed before the full impact of COVID adaptations was felt.

CEGAH assisted in bringing judiciary proceedings online. One respondent reported that these proceedings were a major shift by the judiciary. These alternative mechanisms allowed the judiciary to continue its work in fighting corruption.

The GOI's reallocation of parts of its budget to address priority COVID needs impacted its funding for CEGAH's interventions. A respondent noted that CEGAH compensated for some of these budget shortfalls, such as helping the judiciary move its proceedings online.

One very successful CEGAH initiative was adding a filter to expedite responses to reports on potential corruption of COVID programs through the government electronic complaint system. Multiple respondents reported that the results were clear and measurable. Complaints were sent automatically to the right institution. A large number of COVID-related complaints were acted upon.

CEGAH raised awareness of corruption and AC measures during the pandemic through increased CSO monitoring of the GOI pandemic response. Given that Indonesians were concerned about increased corruption risks, CEGAH's support for CSO monitoring created a sense that corruption was heavily monitored. According to one respondent, the activity contributed to oversight of the GOI, helping to reduce its tendency to use the emergency to justify relaxation of corruption controls.

**Madani:** The activity had a positive impact on delivery of government services but lacks evidence on its impact in responding to changes in corruption during the pandemic. One respondent reported that Madani could not access distribution information for the COVID social assistance fund or changes in response to CSO advocacy. The activity did verify that some social assistance went to politically

important people at the village level. According to one respondent, Madani measured how the organizational capacity of CSO partners contributed to local government accountability as well as to changes in CSOs' knowledge, experience, and relationships with stakeholders. These interventions contributed to changes in delivery of government services but not directly to any changes in corruption during the pandemic.

**MEDIA:** The ET cannot assess the effectiveness of MEDIA's support of PAC because it did not target or measure its impact on this type of corruption. In addition, the activity did not measure its direct impact on corruption, only the accomplishments of media and CSOs it supported. One respondent noted, "We didn't really specifically design MEDIA to respond to the pandemic. The pandemic become one of the issues that we monitor but doing so did not require a project change."

MEDIA built the capacity of the public interest media, citizen journalists, and CSOs to contribute to transparency and accountability. One CSO partner reported, "Our most effective activity is when we are supporting a journalist and media to make an investigative report related to corruption and also the work of the citizen journalist who is able to make real changes in their society or in their community because of their reports."

MEDIA put in place measures to track its progress in addressing transparency and accountability. From August 11, 2020 – September 30, 2021, it supported the publication of 220 pieces of content on transparency and accountability. Of these pieces, 29 percent met quality standards. MEDIA mobilized 12 local citizen groups to advocate for accountability and transparency.<sup>54</sup>

The activity monitored repression of journalists who researched and published articles on potential corruption during the pandemic. It also supported their legal defense. The Alliance of Independent Journalists, a MEDIA partner, recorded 84 cases of violence against journalists throughout 2020, making it the highest since records began in 2006. Similarly, the Legal Aid Center for the Press, another MEDIA partner, documented 117 legal cases against journalists in 2020, the highest recorded since 1998.<sup>55</sup> One respondent told us, "We also saw a rising frequency of the use of strategic lawsuits against public participation, which is a lawsuit against criticism by journalists or NGOs."

**EGSA:** The ET cannot assess the effectiveness of EGSA's support of PAC because it did not target or measure its impact on this type of corruption. The activity addressed corruption indirectly and did not pivot to respond to corruption associated with the pandemic.

### EQ 3: COORDINATION OF ADAPTATIONS ACROSS STAKEHOLDERS

The DRG Office did a good job of coordinating PAC adaptations among its activities. Each activity coordinated adaptations by its implementers effectively. Some of these activities coordinated effectively with non-DRG activities. Mission- and donor-level coordination efforts were less effective.

<sup>54</sup> USAID Indonesia, "Media Empowerment for Democratic Integrity and Accountability Annual Report," August 11, 2020 – September 30, 2021, pp. 42-45.

<sup>55</sup> Ibid, p. 5.

Although there is a US Embassy-based AC working group, USAID has no comparable group focusing on corruption among Mission offices. The Mission has a well-developed coordination system for its implementers and partners, both in the Capital and at the provincial level. The Mission uses sectoral quarterly partners meetings, semi-annual portfolio reviews, and provincial management team portfolio reviews in eight priority provinces. They all look at potential complementarities and seek to avoid overlapping. None of the coordination mechanisms addressed corruption as a cross-cutting issue or adaptations to changes in the level or nature of corruption associated with the pandemic.

USAID holds donor meetings on various sectoral initiatives but has no dedicated donor group focusing on corruption. The GOI's KPK has not held meetings to coordinate donor AC activities for over five years.

**CEGAH:** For this activity's work on corruption during the pandemic, travel restrictions and reduced government funding for AC activities created obstacles to in-person coordination with stakeholders and implementers. Monitoring and implementation of the activity suffered from the absence of in-person meetings with far-flung project staff. One respondent who joined CEGAH at the start of the pandemic noted that he could not meet key staff in-person for eight months. To overcome this obstacle, he "built up skills needed to understand people and address cultural barriers online."

Online meetings enabled CEGAH to connect more easily with its prime implementing partner along with its staff and sub-awardees in the regions. One respondent observed, "The pandemic created a blessing in terms of connecting the project to a wider network of beneficiaries. Because of the forced use of technology, it could consult more partners." Another respondent reported, "We are hearing more from those on the ground, and it is costing a lot less money to monitor the activity."

The pandemic did not create new opportunities for CEGAH to coordinate with other donors on corruption issues. According to two respondents, CEGAH did not take advantage of the increasing popularity of online meetings to coordinate with other donors or their projects.

Some grantees received funding from multiple USAID activities, requiring them to facilitate coordination among activity managers. One grantee described CSO coordination on corruption issues, "Coordination across donors, sectors, and across groups has become a routine activity, which has an impact on the results to be achieved."

**Madani:** During the pandemic, Madani coordinated well within USAID, among its partners and externally, but not as well on the issue of corruption. Corruption constituted just one of its areas of focus. One respondent admitted that the activity mainstreamed corruption across its initiatives but did not promote coordination among its implementing partners on this issue.

Madani, which received \$2 million in health funding on top of its DRG funding, coordinated effectively with other USAID activities at the national and provincial levels. It worked in collaboration with other projects on joint interventions. Its staff led provincial coordination teams that identified opportunities for USAID activities to increase their effectiveness. According to one respondent, these teams built good relations with provincial and local governments. However, they did not coordinate on corruption issues during the pandemic.

Coordination efforts did not focus on corruption, but they did address the issue. One respondent reported, “Stakeholders at the national and provincial levels recognize that most if not all donor activities address transparency, accountability and corruption.”

Madani enabled CSOs to continue their existing coordination mechanisms. According to one respondent, CSOs supported by USAID projects at provincial levels agreed to focus their advocacy on corruption.

**MEDIA:** MEDIA promotes coordination among its implementers, many of which are associated with reporting on corruption during the pandemic. For example, multiple partners are collaborating to strengthen journalists, citizen journalists, and CSOs on covering candidate financing for the 2023–2024 elections and to encourage whistleblowers’ contributions to *IndonesiaLeaks*. One respondent observed, “When we do collaborations, then we share together all the risk. We also share information so we can make deep and comprehensive reports.”

The activity coordinates well with other USAID activities on AC issues. One important area is mitigating corruption of village funds, which were ramped up during the pandemic. MEDIA collaborates with Madani in overseeing the village funds. According to one respondent, MEDIA-funded citizen journalists work with Madani coordinators to tell stories about monitoring their village funds.

MEDIA builds on existing coordination among its CSO partners, for example in protecting journalist safety. One respondent explained, “So they already work together organically, even without MEDIA. But with MEDIA, we try to discuss more about our potential collaboration. We meet together to discuss about common themes, common activities that we can do together.”

**EGSA:** During the pandemic, EGSA coordinated with USAID and other donors on economic growth issues. These issues did not include corruption. The activity facilitated coordination among USAID activities that addressed economic growth at the national and the provincial levels. According to a respondent, EGSA reached out to USAID and other donor activities that addressed economic growth to prepare its studies and to present its findings.

## **ANNEX E, MALAWI CASE STUDY**

## I. COUNTRY CONTEXT

After independence in 1964, Malawi was governed for close to thirty years by centralized, one-party rule.<sup>56</sup> Malawi's 1994 Constitution and 1998 National Decentralization Policy and Local Government Act enshrined multi-party rule and decentralized service delivery.<sup>57</sup> The decentralization policy assigned medical and health service responsibility to local governments, including: "(a) health centers, dispensaries, maternity clinics and health posts; (b) control of communicable diseases; (c) health education; and (d) environmental sanitation." Despite the aims of the decentralization policy, central revenue disbursements to local governments account for the vast majority of local revenues. The World Bank's Malawi Economic Monitor states that "low local government capacity has historically served as a justification for retaining funds at the central government level, and for significantly earmarking funds through deconcentrated, conditional transfers. This means that in many instances, local governments are demoted to acting as implementing organs of the central government, rather than governing agents in their own right."<sup>58</sup> As a result, important service delivery sectors, such as education and health, largely continue to operate through central government management of capital investment, expenditures, procurement and the distribution of materials. The continued centralized control of service delivery funding has coincided with increasing public dissatisfaction with the quality-of-service delivery.

The current population of Malawi is 20,937,751, with an average annual population growth of ~2.5 percent in recent years.<sup>59</sup> Malawi ranks 169 of 191 countries on the Human Development Index, a slight improvement over past years.<sup>60</sup> The agriculture sector employs over 80 percent of the population and accounts for 30 percent of GDP.

## II. METHODOLOGY

USAID/Malawi completed a new CDCS covering the 2020–2025 period. The overarching goal is: "A More Self-Reliant Malawi that is Gender-Equitable and Democratically Accountable" and consists of three Development Objectives:

- DO 1 Public sector is more accountable and effective at national and decentralized levels.
- DO 2 Youth lead healthy, informed, and productive lives.
- DO 3 Private sector increases inclusive and sustainable wealth generation.

The PAC ET held interviews with Mission leadership and programmatic teams and conducted in-depth reviews of activities across USAID/Malawi's Democracy and Governance (DG) and Health portfolios (DO 1 and DO 2).

<sup>56</sup> See <https://npc.mw/wp-content/uploads/2020/07/Decentralization-policy.pdf>

<sup>57</sup> See Local Government Act, 1998 [https://cepa.rmpportal.net/Library/government-publications/Local%20Government%20Act%201998.pdf/at\\_download/file](https://cepa.rmpportal.net/Library/government-publications/Local%20Government%20Act%201998.pdf/at_download/file)

<sup>58</sup> See <https://www.worldbank.org/en/news/feature/2022/06/28/malawi-economic-monitor-improving-malawi-s-fiscal-decentralization-to-strengthen-local-service-delivery>

<sup>59</sup> <https://www.macrotrends.net/countries/MWI/malawi/population>

<sup>60</sup> <https://countryeconomy.com/hdi/malawi>

Activity-level analysis focused on the following projects:

- **Local Governance Accountability and Performance (LGAP):** \$24 million, 2016–2021
  - Activity goal: Support local government to effectively, efficiently, and democratically fulfil its mandate of providing public services and representing citizen interests.
    - Result 1: Local Government and Transparency Increased (Supply Side)
    - Result 2: Demand for Accountable Government Strengthened at the Local Level (Demand Side)
    - Result 3: Decentralization Policy Environment and Systems Improved (Policy Interface)
    - Result 4: Public Service Performance Management Systems Improved and Implemented
    - Result 5: Public Finance Management Related to Human Recourses Improved
  - Included funding from Foreign, Commonwealth & Development Office/UK Embassy
  - Implemented by Development Alternatives Incorporated Global
- **Tackling Serious and Organized Corruption (TSOC):** 18.4 million British Pounds (\$20.1 million), 2015–2024 (extended in 2020)
  - Activity goal: Increase the likelihood and severity of sanction for serious and organized corruption and related crimes in Malawi.
  - Funded and managed by Foreign, Commonwealth & Development Office/UK Embassy
  - Implemented by International Centre for Asset Recovery, CSO Alliance
- **Organized Network of Services for Everyone’s Health Activity (ONSE):** \$106 million, 2015–2021
  - Activity goal: improve maternal, newborn, and child survival and well-being in Malawi. ONSE implements activities in three key areas: clinical services, health systems strengthening, and community mobilization and engagement.
  - Activity objectives:
    - Increasing access to priority health services
    - Improving the quality of priority health services
    - Strengthening the performance of health systems
    - Increasing the demand for priority health services



- Implemented by Management Sciences for Health
- Additional relevant USAID/Malawi health portfolio activities:
  - Government to Government support through embedded staff in three districts
  - Global Health Supply Chain office in Malawi
  - Accelerating Support for Advanced Partners – regional Africa President’s Emergency Plan for AIDS Relief project

KIIs were conducted with relevant stakeholders at the Mission leadership level and activity level, including implementing partners (See **Table 9**). In addition, there were four large-N survey respondents from the USAID/Malawi Mission.

**Table 9: Key Informant Interviews, Malawi**

CATEGORY	NUMBERS
USAID Staff	12
IP Staff	2

Additionally, the following documents, reports, websites, and news articles were reviewed:

**Table 10: Secondary Sources Reviewed, Malawi**

NO	DOCUMENT	SOURCE
1	USAID/BiH CDCS 2020–2025	USAID
2	TSOC Phase 2 Description	USAID
3	Malawi Local Government Development Partners, COVID-19 Response Joint Offer, April 2020	LGAP
4	LGAP’s COVID Response – Programmatic Commitments and Options, 2020	LGAP
5	USAID/Malawi LGAP Final Report, August 2021	Online
6	LGAP Quarterly Report, April – June 2021	Online
7	ONSE Quarterly Activity Report, Oct - Dec 2020	Online
8	ONSE Quarterly Activity Report, Oct – Dec 2021	Online
9	ONSE Quarterly Activity Report, Jan – Mar 2022	Online
10	Malawi Local Government Act, 1998	Online
11	Malawi Decentralization Policy	Online

12	Malawi Economic Monitor: Strengthening Fiscal Resilience and Service Delivery, World Bank, June 2022	World Bank
13	Corruption Perception Index, 2022	Transparency International <a href="https://www.transparency.org/en/cpi/2022">https://www.transparency.org/en/cpi/2022</a>

### III. FINDINGS

#### FRAMING QUESTION: EFFECT OF COVID-19 PANDEMIC ON CORRUPTION.

Malawi scored a 34 out of 100 on Transparency International’s 2022 CPI, ranking 110 out of 180 countries and below average for the African continent.<sup>61</sup> Malawi has been relatively consistent in its CPI score over the past few years, decreasingly slightly from 2021 (35, 110/180) but improving since 2019 (31, 123/180).

The most recent Global Corruption Barometer found that 72 percent of people felt that corruption had increased in the previous year and 28 percent of public services users had paid a bribe for services over that same period.

Despite general improvements in perceptions on corruption, which reflect a renewed government focus on fighting corruption, key corruption monitoring NGOs, such as the Human Rights Defenders Coalition and Centre for Social Accountability and Transparency have said there is much more to be done and that a number of Government of Malawi commitments were not implemented.<sup>62</sup>

As of January 31, 2023, Malawi has reported 88,408 confirmed cases of COVID-19 and 2,686 deaths, a low per capita death rate (14/100,000) compared to other countries.<sup>63</sup>

Despite relatively low COVID rates, Malawi reported increases in food insecurity and poverty as a result of the pandemic. The Government of Malawi launched a cash aid program for affected households and SMSEs. UNICEF and the World Food Program provided financial and nutritional support to 382,000 food-deprived Malawians, with USAID funding.

Respondents from across USAID/Malawi leadership, activity managers, and implementing partners cited corruption as a concern during the pandemic, but largely downplayed its significance to USAID’s portfolio. As USAID/Malawi has limited AC programming, there was less attention to specific corruption concerns and programmatic responses, when compared to Missions with dedicated AC activities. Many respondents cited corruption as endemic and “a way of life” in Malawi. Payment of bribes was common and is generally seen as a way that people secure access to public services. As discussed in depth in EQ1, most respondents believed that donors were largely not focused on corruption concerns during the

<sup>61</sup> <https://www.transparency.org/en/countries/malawi>

<sup>62</sup> <https://times.mw/malawi-drops-5-steps-on-world-corruption-index/>

<sup>63</sup> <https://coronavirus.jhu.edu/data/mortality>

pandemic. Thus, comprehensive monitoring by the international community of corruption largely did not occur.

There were mixed opinions about whether corruption increased during the pandemic. Many cited existing practices that merely took advantage of new opportunities. Others felt that the increase in government spending and the emergency nature of the spending created an environment that was even more ripe for corruption. They believed that corrupt practices increased directly due to the pandemic.

USAID staff managing the DG portfolio mentioned concerns over the increase in financial flows to local government administrations without proper oversight. In January 2021, the President of Malawi requested a forensic audit of local authorities to respond to reports of the misuse of funds. Many local governments came back with bad audits. The Government of Malawi investigated a few Local Commissioners, but it did not prosecute them. Respondents mentioned that the Anti-corruption Bureau was investigating the COVID-response Affordable Inputs Program, which provided support to farmers affected by the pandemic. Preliminary reports from the Bureau indicated significant diversion of funds and materials by government officials and suppliers. Farming supplies were not reaching their intended recipients. Respondents indicated there were irregularities within other central-level institutions, including an indictment of officials at the Disaster Affairs Department.

Another common effect cited by respondents was concern over the misuse of COVID response funds by public officials for per diem and other travel expenses. The auditor general found that 80-90 percent of funds were spent in this way, not in line with their intended use. Despite the removal of some public officials, this report eroded public confidence in the government's response to the pandemic.

Health Office respondents identified concerns over COVID vaccines being wasted and that vials were not finished at community health clinics. However, these problems were not clearly linked to explicitly corrupt acts (such as re-sale of vaccines on the black market) and more, an example of waste of public resources. As USAID largely operates through a separately managed health supply chain, the Mission tracked USAID-procured vaccines and other health equipment and was less concerned about corruption in Government of Malawi commodity procurement.

Other respondents mentioned Government of Malawi issues with corruption in the public health system, specifically with the siphoning of drugs and their resale on the black market. The Government of Malawi supports a drug investigative unit to look into reports of drugs disappearing from clinics. However, respondents indicated that USAID was not directly involved in supporting these efforts and that they did not hear about any increase in corrupt practices during the pandemic or directly linked to COVID response.

Ministry of Health respondents described indirect corruption concerns related to the pandemic and a lack of internal controls. In a few instances, Local Councils did not have the required audit and accounting staff to support normal government procurements. Respondents told the ET that these staffing gaps became more frequent during the pandemic, perhaps due to increased health issues and COVID infections, suggesting an indirect impact of COVID on corruption prevention systems.

## EQ 1: ADAPTATIONS TO COVID-19 ASSOCIATED CORRUPTION.

USAID/Malawi implemented two activities focused on accountable governance, each with elements of countering corruption. The Mission has an extensive health portfolio which the ET reviewed in depth for responsiveness to PAC.

**LGAP:** The LGAP activity Contracting Officer's Representatives and IP staff indicated making a significant pivot in programming to respond to COVID implementation realities. The activity mentioned specific concerns about the influx of funding for COVID response to the local governments (district level) with very little oversight, including from donor sources (Malawi is a food aid recipient). Respondents stated that most local governments were not prepared to receive and administer these funds, thus creating a scenario with increased concerns for corruption risks due to ineffective internal controls. As mentioned above, forensic audits and other investigations raised concerns about what was happening to COVID response funds intended to support local recipients. These concerns were heightened during the COVID lockdown when site visits were not possible. At USAID's request, LGAP prepared a list of activities to respond to the pandemic and then amended the project's work plan. Activities included:

- Transparency of aggregate resource flows to local governments.
  - Creation of 'dashboard' to capture resource flows/budget items of COVID health response at district level.
  - Coordination/commitment with international NGOs so this information flows through the dashboard.
  - Strengthened role of the National Local Governance Finance Committee to track, monitor, and report back on resource flows to local governments.
- Planning and execution of local government response.
  - District-specific TA to assist in the planning, information sharing, execution, and monitoring of district responses.
  - Development and socialization of guidelines/measures to harmonize processes in local governments.

LGAP helped fill critical human resource gaps for health service delivery at local districts, including hiring of pharmacists and lab assistants, in collaboration with the USAID Health Office (See EQ3). The hiring of pharmacists was designed as a corruption mitigation measure to stem the diversion of drugs and vaccines.

LGAP worked at the Ministry level (Ministry of Local Government) to develop guidelines on financial record keeping and reporting and supported their dissemination to local levels. LGAP supported information sharing and advocacy messages from local governments to the Ministry on challenges and needs.

The LGAP pivot was not so drastic that it required a contract modification, only a revision to and approval of the annual work plan. The IP indicated that targets were affected on a few indicators. Despite the pivot to address PAC, LGAP did not receive COVID response funds.

**TSOC:** USAID/Malawi supports transnational AC through the TSOC activity, which is co-financed and directly managed by the British Embassy in Malawi, working through various implementing partners, including the International Centre for Asset Recovery at the Basel Institute for Governance and a coalition of local CSOs (CSO Alliance).

Given the unique funding/management structure, the USAID respondents did not have a complete understanding of the TSOC pandemic response. Nonetheless, the activity made significant adjustments during the pandemic. New stakeholders and institutional partners, such as the Malawi Revenue Authority and Registrar General were brought into the activity to address issues identified during the pandemic. TSOC had embedded advisors with key government partners. Those advisors stayed in place, but Government of Malawi in-kind support, as agreed at project inception, flagged in the face of COVID demands. TSOC pivoted during the pandemic to provide more support to investigative journalism and increased its collaboration with civil society to monitor and expose PAC.

In 2020, TSOC received a costed extension, extending the project by four years until 2024 and increasing the budget by 10.8 million British Pounds (approximately \$13.4 million). The extension had the following objectives:

- 1) Reduce the opportunity for corrupt activity by strengthening the systems regulating how money and services move through the economy.
- 2) Increase the risks of engaging in corruption by publicly exposing corrupt individuals and corporations, seizing assets, and improving strategic casework and conviction rates.

The extension has allowed the International Centre for Asset Recovery to deepen support to the law enforcement agencies to detect, investigate and prosecute strategic corruption cases; and work to support strengthening of the financial systems and anti-money laundering instruments necessary to regulate illicit financial flows. The TSOC extension has provided continued support to the Malawi CSO Alliance to pursue public interest litigation cases on corruption; lobby for greater parliamentary scrutiny of government spending; and promote AC initiatives with the private sector and non-traditional groups, such as the Catholic Church.

USAID/Malawi designed a Parliament support project during the pandemic, which was awarded in May 2022. According to respondents, the activity was designed to help address concerns identified during the pandemic that Parliament did not act on reports from oversight committees and the Ombudsman on the misappropriation of health sector funds.

**Health Activities:** Activity-level awareness and responsiveness to PAC was mostly reflected in USAID/Malawi DG projects. The ET interviewed extensively managers and stakeholders of USAID health projects and activities, but most indicated few concerns about corruption. They noted few responses to adapt to increased corruption concerns during the pandemic. The \$106 million ONSE activity (2015–2021), USAID’s flagship health project, worked extensively across Malawi with over 300 people to support health services in 16 districts. ONSE focused on the health system work force and

facilities funding through existing government structures, although it did not directly fund the government. ONSI received an extension, influx of COVID funds, and modified its scope in response to the pandemic. According to respondents, there were no adaptations made to account for corruption. Respondents indicated that while corruption was in the news due to investigations and there were always rumors of missing health supplies, the activity did not program to address corruption.

Similarly, respondents associated with the supply chain and other health portfolio activities did not indicate a focus on PAC. There was one instance of attention to corruption prevention through improved internal controls in USAID's support to health service delivery at the district council level through a direct government to government mode. USAID supports embedded health advisors who cited adaptations to concerns over corruption. As part of their normal risk assessment process, staff identified personnel shortages as required by Government of Malawi standard operating procedures, creating financial risks. As a result, USAID financed the hiring of auditors to work with the district councils.

Respondents mentioned potential adaptations to PAC by Accelerating Support for Advanced Partners, which is a President's Emergency Plan for AIDS Relief-funded, Africa-wide project to address risk through capacity-building and promotion of use of an integrated financial management system for public health procurements. The Accelerating Support for Advanced Partners implementing partner did not respond to requests for further information.

## **EQ 2: EFFECTIVENESS OF ADAPTATIONS TO PANDEMIC-ASSOCIATED CORRUPTION.**

Respondents were mixed in their response to the question of where adaptation to PAC was necessary. Thus, there was no consensus on which projects or activities made the most effective adaptations. Nonetheless, the efforts of LGAP to address vulnerabilities to corruption in terms of internal controls and financial reporting was seen by those stakeholders as a critical and effective response. Local government authorities were placed in a difficult position during the pandemic response, as they were required to receive, execute, and account for a significant influx in funds that far outstripped normal funding capacity levels. However, as frontline actors for the COVID response to affected local populations, they were in an important position to be responsive to local context and target national level (and donor) funding to reach those most in need. LGAP support to financial tracking and reporting systems at the local government level was effective in addressing systemic weaknesses that create an enabling environment for corruption. LGAP support for internal and forensic audits was helpful in reestablishing procedures for procurements and financial record-keeping. However, LGAP's close-out in 2021 made it hard to measure the full impact of pandemic-response activities and whether there was sustained progress.

LGAP had over 100 staff in the field at the local level and thus was in a particularly advantageous position to provide direct support to local government partners that were tasked with providing a range of pandemic-response support. LGAP's COVID-response support reinforced local systems by working through local government institutions and mechanisms, as opposed to developing donor-dependent humanitarian response structures. LGAP was in a position to provide a strong coordination support role, including between district and central governments and with sectors such as education and health. Indeed, LGAP was invited to participate in coordinating forums established by USAID and UNICEF.

As TSOC was extended in 2020 with USAID buy-in to incorporate a greater focus on PAC and because it is managed directly by the UK Foreign, Commonwealth & Development Office, there was less certainty as to what adaptations were most effective. The end of project evaluation in 2024 will help provide clear evidence. However, initial reports indicate positive uptake in project activities working with the Ombudsman to promote business integrity. Respondents felt that initial support to procurement oversight by the Anti-corruption Bureau did not seem to have much effect on AC specific to the pandemic.

### EQ 3: COORDINATION OF ADAPATIONS ACROSS STAKEHOLDERS.

There were multiple coordination clusters that involved USAID/Malawi and other stakeholders, including health, COVID response, disaster management, and AC. Not all coordination bodies involved CORs/Agreement Officer's Representatives, IPs, and other study respondents. Respondents did cite collaboration between health stakeholders and the LGAP project as a positive example of pandemic coordination. The LGAP Contracting Officer's Representatives and IP staff participated in several coordination platforms for health, including international stakeholders such as the World Bank and UNICEF, as there was general concern with the amount of funds being channeled through local districts. As part of its pandemic work plan adaptation, LGAP developed a coordination and partnership plan that included initiatives with other USAID projects and donor-supported initiatives. Proposed coordination activities included:

- ONSE: support to district level to link District Health Management Teams, council leadership, and COVID Committees/Protection Teams to integrate governance into health response.
- UN Resident Coordinator's Office: resource tracking support in coordination with the Department of Disaster Management Affairs and at Humanitarian Country Team meetings.
- UNICEF: coordination on community engagement and communications.
- International NGO Humanitarian Committee: communicated with Catholic Relief Services and Save the Children to provide on-the-ground information and support advocacy efforts for dedicated resources to clusters.

Coordination with the USAID Health Office resulted in LGAP providing support to fill critical human resources needs at local health clinics. LGAP assisted in the redeployment of health workers (pharmacists and lab assistants), totaling five new deployments in each district. Hiring of junior pharmacists is an obligation of local governments under Malawi's decentralization and thus fell within LGAP's scope.

While respondents felt coordination through the health and other sectoral clusters was generally good, some expressed disappointment that the clusters were not utilized to their fullest capacity, citing a lack of targeted analysis, sharing of best practices, and follow through.

Mission leadership cited the multi-lateral and inter-agency coordination on financial and risk management. Public financial management programs supported by the International Monetary Fund/World Bank were leveraged to improve auditing and other critical corruption prevention functions of the Government of Malawi, despite USAID not having a full AC portfolio.

Additionally, USAID and the British Foreign, Commonwealth & Development Office co-financed multiple DG projects. USAID executed a buy-in to the TSOC activity to help expand its scope and duration, covering the pandemic period. The Foreign, Commonwealth & Development Office contributed financing to USAID's LGAP activity.



## **ANNEX F, NEPAL CASE STUDY**

## I. COUNTRY CONTEXT

Nepal, which has a population of nearly 30.7 million people, is among the least developed countries in the world, with approximately one quarter of its population living below the poverty line.<sup>64</sup> Agriculture provides a livelihood for almost two-thirds of the population but accounts for less than a third of GDP. While Nepal has signed trade and investment agreements with a number of countries, including its largest neighbors India and China, political unrest and an unpredictable business climate have deterred foreign investment in the country.<sup>65</sup>

Nepal, as a relatively young democracy with a recent history of civil war, faces a number of complex development challenges. These include inadequate economic opportunities and growth, poor infrastructure for delivery of basic services, poorly functioning governance systems and an ongoing and difficult transition toward a federalist system, a volatile political system with significant inter- and intra-party tensions, vulnerability to natural disasters and rampant corruption.<sup>66</sup>

The COVID-19 pandemic highlighted and exacerbated existing challenges, impacting employment opportunities and creating significant financial hardships for individuals and businesses, disrupting education, burdening an already taxed healthcare system, forcing the return of more than a million Nepali migrant workers, highlighting and amplifying long-standing prejudices against and abuse of women and marginalized communities, and creating new opportunities for public sector corruption.<sup>67</sup>

According to respondents, corruption is widespread in Nepal, impacting all sectors and reaching all levels and bodies of government, including elected officials, the judiciary, law enforcement, administrative bodies, and even anti-corruption agencies. The World Justice Project's *Rule of Law Index* measures the absence of corruption in government, with factor two of the Index assessing the absence of corruption with respect to bribery, improper influence by public or private interests, and misappropriation of public funds or other resources. These three forms of corruption are examined in regard to government officers in the executive branch, the judiciary, the military, police, and the legislature. According to the 2021 World Justice Project Index, Nepal ranked 93 out of 139 countries in terms of absence of corruption.<sup>68</sup>

Transparency International's 2022 CPI ranked Nepal at 110 out of 180 countries, assigning it a corruption score of 34 (where zero corresponds with most corrupt and 100 with least corrupt), up one point from 2021, signaling only modest progress in combatting corruption.<sup>69</sup> According to TI's 2020 Global Corruption Barometer for Asia, 84 percent of citizens surveyed thought that corruption was a "big problem," with most citizens (58 percent) believing that corruption had increased in the past 12 months.<sup>70</sup> TI's research revealed that corruption "is an issue in government procurement, mainly involving politicians and bureaucrats, as well as public service delivery, with citizens facing problems even

<sup>64</sup> [CIA, Nepal World Factbook.](#)

<sup>65</sup> *Ibid.*

<sup>66</sup> [USAID's Nepal Country Development Cooperation Strategy, 2020-2025.](#)

<sup>67</sup> *Ibid.*

<sup>68</sup> [World Justice Project, Rule of Law Index, Nepal 2021.](#)

<sup>69</sup> [Transparency International's 2022 Corruption Perception Index.](#)

<sup>70</sup> [Global Corruption Barometer, Asia, 2020, 9-10 .](#)

in critical sectors like health and education.”<sup>71</sup> Corruption, in the form of land grabs, illegal transfer of state property, and bribery or use of personal connections for basic services impacts the daily lives of citizens.<sup>72</sup>

According to respondents, in recent years, the GON has taken some positive steps to combat corruption, including strengthening the legal and regulatory framework for addressing corruption, establishing the Commission for the Investigation of Abuse of Authority as a constitutional body, introducing citizen complaint mechanisms to report corruption, and bringing cases against high profile officials. Still, these efforts have had limited impact, as enforcement of laws and regulations remain weak, the judiciary lacks independence, the Commission for the Investigation of Abuse of Authority’s efficacy is constrained by the fact that its chief is a political appointee, complaint mechanisms are either not functional or are underused because they are perceived to be ineffective, and some forms of corruption have been shifted to the local level with the transition toward federalism.<sup>73</sup>

While then Prime Minister K. P. Sharma Oli came into office vowing to combat corruption and brought the Department of Revenue Investigation and the Department of Money Laundering Investigation under the Prime Minister’s office with the purported aim of making them more effective, his tenure was plagued by corruption scandals.<sup>74</sup> The Prime Minister was widely criticized for passing an ordinance amending the Constitutional Council Act, allowing the Council to make decisions on the basis of a simple majority of members present, which he immediately used to appoint a new Commission for the Investigation of Abuse of Authority chief from within his inner circle.<sup>75</sup> Rising frustrations on the part of the public spurred protests and mass campaigns, including the “Enough is Enough” campaign.<sup>76</sup> Increased monitoring and pressure from civil society and media outlets resulted in a number of investigations and cases being brought, including at the highest levels (e.g., at the Supreme Court and the Chief of the Commission for the Investigation of Abuse of Authority).<sup>77</sup>

## II. METHODOLOGY

This case study examines four USAID Nepal activities that support DOs 1, 2, and 3 of the Nepal CDCS. The following is a brief overview of USAID/Bangladesh activities examined for this evaluation. Activities were selected according to the criteria outlined above and based on conversations with key USAID personnel. Analysis of the activities against the EQs follows below.

- **Civil Society: Mutual Accountability Project (CS:MAP): 2016-2022, \$18,330,053**
  - Goal: Fostering a more legitimate, accountable, and resilient Nepali civil society to

<sup>71</sup> Ibid. Also, KII respondents generally reported that corruption is deeply rooted in Nepal and poses significant constraints for development more broadly. They noted that it has increased over the last 3-4 decades and is less hidden than it used to be. One respondent described two predominant and pervasive forms of corruption: political corruption, which begins during the election process with the financing of candidates, and operational corruption, or day-to-day corruption on the part of bureaucrats and political leaders who misuse budgets and make decisions in favor of corruption.

<sup>72</sup> Ibid.

<sup>73</sup> Some KII respondents noted that the transition to federalism has resulted in increased corruption at the local government level, given the transfer of spending authority, while others noted that there is stronger monitoring of and checks on local governments on the part of engaged grassroots community groups and so corruption is less likely to occur at the local level.

<sup>74</sup> The Kathmandu Post, “[Nepal’s position in corruption index remains unchanged](#),” January 2022.

<sup>75</sup> The Record, “[A Year of Corruption](#),” January 2021.

<sup>76</sup> Associated Press, “[Young protesters force Nepal to better manage virus crisis](#),” September 2020.

<sup>77</sup> KII respondents for CS:MAP Activity.

advance the public interest.

- Objectives: 1) Strengthened enabling environment for civil society and media; 2) Improved civil society and media capacity for effective policy advocacy and government engagement; 3) More coordinated and effective civil society and media oversight of public resource use and service delivery; 4) Strengthened organizational capacity and sustainability of selected CSOs working in USAID priority sectors; 5) Improved enforcement of fundamental human rights as enshrined in the Constitution.<sup>78</sup>
- Primary Implementing Partners: Led by FHI 360 in partnership with Equal Access International and the International Center for Not-for-Profit Law.
- **Niti Sambad: 2017-2023, \$20 million**
  - Goal: Promote greater confidence in electoral and political processes by supporting electoral institutions, parliament, and political parties to establish more participatory, inclusive, and transparent government processes that are responsive to citizen concerns.
  - Objectives: 1) Nepal's political transition process supported to institutionalize a more inclusive, effective, and democratic political governance; 2) Nepal's political parties function more inclusively and transparently and are more accountable to and representative of their constituents on national policy issues.
  - Primary Implementing Partners: Consortium for Elections and Political Process Strengthening, (National Democratic Institute, International Republican Institute, International Foundation for Electoral Systems, and the Election Commission of Nepal).
- **Nepal Seed and Fertilizer Project (NSAF): 2016-2024, \$20 million.<sup>79</sup>**
  - Goal: To build competitive seed and fertilizer systems for inclusive and sustainable growth in agricultural productivity, business development, and income generation.
  - Objectives: 1) Increase the role and capacity of public and private sector actors in technology development and dissemination; 2) Increase the number of productivity enhancing technologies available to smallholder producers in the Feed the Future Nepal's Zone of Influence; 3) Strengthen international partnership and adequate financing for agricultural research to increase productivity and maintain or improve soil fertility.
  - Primary Implementing Partner: The International Maize and Wheat Improvement Center.
- **Education COVID Response Activity: 2021-2023, \$3,642,378**

<sup>78</sup> This fifth human rights objective ( "Improved enforcement of fundamental human rights as enshrined in the Constitution) was added in 2019, not as a change to the underlying project agreement but as an additional 15-month budget allocation to support human rights law, policy, and practice through engagement with civil society, the media, and public bodies nationally and sub-nationally.

<sup>79</sup> Supplemental funding was released in 2022 to help offset food shortages resulting from the war in Ukraine. The ET did not have information about additional funding and SOW.

- Goal: Rapid response activity to address education and socio-emotional needs of children during COVID-19.
- Objectives: 1) Increase access to education for children in hard-hit COVID municipalities where schools are closed; 2) Provide access to learning materials to out of school children; 3) Prepare caregivers, parents, and teachers to support the health and socio-emotional needs of children; 4) Support school reopening and return to school in targeted municipalities.
- Primary Implementing Partner: UNICEF Nepal.

KIIs were conducted with relevant stakeholders, including USAID staff and implementing partners (both international and local organizations). KIIs were conducted with 10 USAID staff and 11 implementing partner staff.

The ET reviewed secondary sources, including program documents, reports, news articles, websites, and other resources. **Table 11** captures documents, reports, and other key resources.

**Table 11: Secondary Sources Reviewed, Nepal**

DOCUMENTS	SOURCE
USAID Nepal Country Development Cooperation Strategy, 2020-2025	USAID
CS:MAP Program Documents: Annual Progress Report, Oct 2020-Sept 2021; Project Completion Report, September 2022; Fact Sheet; Monitoring, Evaluation, and Learning Plan	USAID
Niti Sambad Program Documents: Annual Progress Report, Oct 2020-Sept 2021; Progress Report FY22, Q3; Fact Sheet; Monitoring, Evaluation, and Learning Plan	USAID
NSAF Program Documents: Annual Progress Report, Oct 2020-Sept 2021; Fact Sheet; Monitoring, Evaluation, and Learning Plan	USAID
COVID Rapid Response: Progress Reports: January 2022, March 2022, April-June 2022; Modified Agreement with UNICEF, Sept 2021.	USAID
COVID-19 and Nepali CSOs: Impact, Responses, and Opportunities	USAID Website
Nepal Office of the Auditor General, Special Audit Report on Management of COVID-19, 2021	Nepal Auditor General Website
CIA, Nepal World Factbook	CIA Website
World Justice Project, Rule of Law Index, Nepal 2021	World Justice Project Website
Transparency International's 2022 Corruption Perception Index	TI Website

Global Corruption Barometer, Asia 2020	Global Corruption Barometer Website
Nepal's position in corruption index remains unchanged	Kathmandu Post Website
A Year of Corruption	The Record Website
Young protesters force Nepal to better manage virus crisis	Associated Press Website
Corruption and COVID-19	Annapurna Express Website
Nepal in the face of intersectional crises: A history of mismanagement	Atlantic Council Website
COVID-19: Nepal in Crisis	The Diplomat Website
COVID-19 and Health Sector Corruption in Nepal	Lokanter Website

### III. FINDINGS

#### FRAMING QUESTION: EFFECT OF COVID-19 PANDEMIC ON CORRUPTION

The COVID-19 pandemic saw an increase in public sector corruption in Nepal at all levels of government. While massive resources were being mobilized to address the health crisis and economic and social effects, oversight of procurement and other checks and balances were relaxed or suspended, ostensibly due to the urgency of the response and limitations imposed by COVID-related restrictions. Local media and KII respondents reported that there was little or no transparency regarding the COVID-19 response budget and allocation of resources for the healthcare system and other initiatives.<sup>80</sup> Existing mechanisms aimed at promoting transparent and accountable governance were sacrificed in the name of expedience, and there were few channels for holding officials accountable.<sup>81</sup>

Local media and KII respondents reported cases of alleged abuse and fraud related to the procurement of medical supplies and vaccines (e.g., discrepancies between recorded procurement and actual distribution of medical supplies to hospitals),<sup>82</sup> as well as related to the delivery of COVID-related health services (e.g., health institutions selling medicines that were subsidized and intended for free distribution or claiming treatment subsidies for services they did not provide). Media reports indicated that petty corruption, such as healthcare professionals stealing test kits and selling them for their own profit and law enforcement selling travel passes during lockdown, was rampant.<sup>83</sup> Nepotism and favoritism

<sup>80</sup> KII respondents for CS:MAP and Niti Sambad activities shared the following relevant anecdotes: there was considerable money flowing in to build shelters for COVID patients around the country and provide treatment, etc., but these costs were not billed as part of the budget, and there was little transparency about costs, which were subsequently found to be quite high above market prices. Budgets for other development projects at the local level were being deflated and redirected to provide for COVID-related supplies/responses, but procedures were not being followed. There was no transparency, and there was no coordination between the provincial and local governments. At times, there was overlap in provincial and local jurisdiction in terms of responding to COVID, and this sometimes resulted in duplicative efforts that resulted in waste. The use of constituency development funds at the provincial level was reintroduced during COVID. This funding mechanism allows for considerable spending discretion without clear spending procedures and mechanisms to ensure accountability.

<sup>81</sup> Atlantic Council, "Nepal in the face of intersectional crises: A history of mismanagement," September, 2020.

<sup>82</sup> The Annapurna Express, "Corruption and COVID-19," November 2022.

<sup>83</sup> Lokantar, "COVID-19 and Health Sector Corruption in Nepal," August 2022. A contract was signed with OMNI Business Corporate International for the procurement of medical equipment, for which the company had no prior experience, and

influenced vaccine distribution, as did bribery of healthcare professionals. At the highest level, the Health Minister and several senior advisers to Prime Minister Oli were accused of being involved in procurement schemes that involved kickbacks for the purchase of Chinese personal protective equipment and other equipment, resulting in delays in securing necessary goods and the delivery of test kits that were ultimately found to be faulty.<sup>84</sup> The Nepal Office of the Director General released a ‘Special Audit Report on Covid-19 Management’ in 2021, highlighting instances of irregularities in procurement, including a lack of fairness and transparency and lack of compliance with regulations, and noting cases that had been filed based on allegations of government corruption.<sup>85</sup>

In addition to fraud and abuse related to COVID-related procurement and services, KII respondents noted that the pandemic provided an excuse for officials failing to provide services that were otherwise within their mandate. In other words, pandemic circumstances served as a convenient excuse for failing to provide basic services or a lack of transparency regarding routine services and functions.

KII respondents cited the politicization of corruption claims, which, they report, effectively paralyzed government actors in some cases, preventing them from taking critical action because they feared being accused or framed for engaging in corruption.

Finally, media reports, research, and respondents noted challenges with disinformation and misinformation related to COVID, as well as deepening restrictions on freedom of association.<sup>86</sup> In response, CSOs and media organizations teamed up to increase monitoring and reporting on challenges to human rights during this period. According to KII respondents, in doing so, some networks were strengthened, and some organizations developed stronger capacity to monitor and report on government spending and service delivery to hold governments accountable.

## EQ 1: ADAPTATIONS TO PANDEMIC-ASSOCIATED CORRUPTION

**APPROACHES TO AC PRIOR TO AND DURING THE PANDEMIC.** USAID’s 2020–2025 Nepal CDCS goal is “[a] more self-reliant, prosperous, and inclusive Nepal that delivers improved democratic governance and health and education outcomes.”<sup>87</sup> USAID Nepal seeks to achieve this goal through four inter-linked DOs: 1) *More effective, participatory, and equitable democratic ecosystem*; 2) *Broad-based and inclusive economic growth fostered*; 3) *Inclusive health and education systems strengthened*; 4) *More equitable and improved natural resources and disaster risk management*.

While USAID Nepal does not have a Mission-wide anti-corruption strategy, the CDCS integrates approaches designed to address corruption and factors that contribute to corruption across its DO for Nepal, with a strong focus on such initiatives under DO 1, as outlined in IR 1.1, *integrity of democratic systems strengthened*, and IR 1.3, *citizen demand for democracy strengthened*. USAID Nepal’s work in this area aims to strengthen the supply side of democratic institutions, including “sub-national governance,

outside of a standard bidding process. It was alleged that the contract was awarded due to close ties with PM Oli. The company purchased personal protective equipment from China at much higher prices than the market rate. Many of the supplies were faulty. The contract was ultimately annulled and investigations ensued, including by the Commission for the Investigation of Abuse of Authority. No one was held accountable.

<sup>84</sup> The Diplomat, [COVID-19: Nepal in Crisis](#), June 2020.

<sup>85</sup> Nepal Office of the Auditor General, [Special Audit Report on Management of COVID-19, 2021](#).

<sup>86</sup> [COVID-19 and Nepali CSOs: Impact, Responses, and Opportunities](#), 8

<sup>87</sup> See [USAID’s Nepal Country Development Cooperation Strategy, 2020-2025](#) for a detailed analysis of USAID strategic approach to development in Nepal.



electoral processes, and public financial management, to improve their transparency, integrity, and accountability, ultimately making them more effective in the face of corruption that threatens to undermine the democratic system.”<sup>88</sup> On the demand side, USAID Nepal aims to build the capacity of civil society, media, and private citizens to provide improved monitoring and oversight of public services, support access to credible information, engage in advocacy efforts on key issue areas, and increase citizen participation more broadly. These approaches aim to increase the effectiveness of, and decrease corruption within, government institutions, foster the rule of law, and promote citizen-responsive governance that upholds and protects fundamental rights.

DO2, *broad-based and inclusive economic growth fostered*, does not explicitly address corruption or factors contributing to corruption in the CDCS itself, but IR 2.2, *competitiveness of select high-growth sectors increased*, focuses in part on support for the GON to undertake policy reforms needed to spur competitiveness and attract FDI. IR 2.2 specifically assists the GON to continue to streamline the policy approval process, enhance investment incentives and guarantees, and establish a robust dispute settlement regime. It notes support for the GON’s efforts to enact regulatory reform to lower the cost and risk of doing business in Nepal relative to other countries. Likewise, IR 3, *economic governance and business enabling environment improved*, focuses in part on supporting Nepal “to improve its economic governance and the business enabling environment by incorporating international best practices in the policy and regulatory framework governing trade and investment,” as well as “strengthen[ing] the capacity of GON agencies that implement those policies and regulations.” The focus here on improving the business enabling environment, including through support for regulatory reforms and adequate enforcement, touches upon key factors associated with preventing corruption, including ensuring the existence of a predictable, enforceable regulatory regime that is not susceptible to manipulation or abuse by corrupt actors.

DO3, *inclusive health and education systems strengthened*, recognizes that the building blocks of health and education systems strengthening include leadership and governance strengthening. USAID Nepal notes that technical interventions within this DO will focus on strengthening systems to deliver public services, including targeting public financial management and governance issues to improve financing self-reliance. Improving public financial management and governance issues are areas that focus in part on improving transparency and accountability to ensure systems are not weakened or made less efficient due to corruption.

These approaches are woven into DO4/IR 4.1, *natural resources conservation enhanced*, through which USAID Nepal strives to “reduce environmental crimes, including illegal wildlife trafficking, mining and fishing, as a proven approach to conserving biodiversity, bolstering local governance systems, and reducing corruption.”

The Nepal Mission explicitly addressed early known impacts and anticipated impacts of COVID-19 in their CDCS, and addressed at a high-level how the strategy would respond to pandemic-related impact and risks, including PAC. The CDCS describes how its DOI, *more effective, participatory and equitable democratic ecosystem*, will work to “mitigate the impacts of COVID-19 in Nepal” by “support[ing] sub-national governments to be more participatory, accountable and transparent, and therefore more targeted, in their COVID-19 response, as well as make citizens aware of COVID-19 through information from CSOs and media.” In doing so, the CDCS noted, “[DOI] will also take into account the increasing challenges of youth, women, and marginalized communities and their growing vulnerability to

<sup>88</sup> Ibid. IR 1.1



trafficking.”<sup>89</sup> The CDCS goes on to note that “[t]he COVID-19 pandemic is perhaps the first real crisis and test for federalism in Nepal, requiring increased support from both the GON and development partners to local governments to ensure the governance system’s effectiveness.”<sup>90</sup>

**MISSION-LEVEL ADAPTATIONS TO PANDEMIC-ASSOCIATED CORRUPTION.** Respondents reported that no mission-level adaptations were made in response to COVID-associated corruption.

As noted above, USAID’s Nepal Mission has no Mission-wide anti-corruption strategy per se. Corruption is acknowledged to be an underlying governance problem in the country, and USAID works to address it through governance strengthening initiatives integrated into programming across sectors. Echoing the language in the CDCS for Nepal, KII respondents noted two types of common interventions or approaches to addressing corruption, which are essentially focused on increasing accountability. The first is supporting the development of stronger systems for accountability (the supply side). Examples of this approach include supporting the development of a campaign finance control mechanism for elections, supporting the adoption of a stronger code of conduct for public officials, supporting a public finance management strengthening program; and building the capacity of local governments to follow participatory processes and to improve transparency. The second approach is building the capacity of CSOs, media, and other demand-side institutions to provide more effective monitoring and oversight of government, as well as to engage in evidence-based advocacy on public interest issues. One example of this approach is training and support for CSOs to conduct public expenditure tracking and advocacy based on monitoring of expenditures.

KII respondents report that adaptations were not made to such high-level approaches at the Mission-level. Likewise, as explored further below, at the activity level, approaches themselves were not adapted. However, for activities that originally incorporated AC approaches in their design, the focus of the approach, i.e., focal areas for advocacy, target audience, research target, etc., was adapted to respond to PAC and its evolving risks. The section below provides a detailed analysis of select activities.

#### **ACTIVITY-LEVEL ADAPTATIONS TO PAC.**

**CS:MAP:** As outlined above, CS:MAP supported DOI of USAID’s Nepal CDCS and focused on fostering a more legitimate, accountable, and resilient Nepali civil society that is better equipped to effectively advance the public interest and promote government transparency and accountability. Though CS:MAP was not an anti-corruption activity, it was designed with AC approaches (e.g., governance strengthening toward increased accountability and transparency) integrated throughout program objectives and interventions. When COVID-19 emerged, CS:MAP did not adapt or amend high-level program objectives or overall approaches, but implementing partners did adapt program components (e.g., trainings, resource development, awareness campaigns) to respond to PAC and its evolving risks.

KII respondents reported, and program documents corroborate, that CS:MAP adapted components within several activity streams to respond to PAC and its evolving risks. Capacity building for CSOs to conduct participatory and evidence-based research and advocacy pivoted to focus, in part, on collection of data on COVID-related spending and provision of services and lobbying/advocacy based on this data. Implementing partners conducted COVID-specific monitoring of distribution of services and relief

<sup>89</sup> USAID Nepal CDCS, 14.

<sup>90</sup> USAID Nepal CDCS, 5.

materials across the country, especially in marginalized communities. CS:MAP adapted initiatives designed to promote CSO public expenditure tracking of local governments to include tracking of COVID-related spending and services. In an effort to boost transparency and hold governments accountable, efforts promoting coordination among CSOs engaged in public oversight as well as CSO coordination with media outlets were reoriented in part around collective monitoring and advocacy related to COVID-related spending and service provision.

To facilitate citizen participation in combating corruption, CS:MAP published and disseminated a booklet on citizen participation in combating corruption, which highlighted how to use a mobile application and other viable channels for submitting complaints during COVID when in-person submission was not feasible.

CS:MAP adapted training focused on investigative journalism and the role of journalists in conducting oversight to include coverage of COVID-19 issues, including COVID-related corruption. Awareness-raising activities were adapted to include information campaigns about government misuse of funds and supplies and other forms of corruption, as well as mechanisms for filing corruption complaints. Awareness campaigns promoted vaccinations and worked to debunk misinformation about harmful practices that had been labeled as effective treatments for COVID.

**Niti Sambad:** Like CS:MAP, Niti Sambad supports DOI of USAID's Nepal CDCS and is focused on promoting greater confidence in electoral and political processes by supporting electoral institutions, parliament, and political parties to establish more participatory, inclusive, and transparent government processes that are responsive to citizen concerns. Though Niti Sambad is not an anti-corruption activity, it was designed to integrate supply and demand side AC approaches as illustrated in the CDCS. In the wake of the pandemic, Niti Sambad did not adapt or amend high-level program objectives or overall approaches, but, in some limited cases, implementing partners did adapt program components to respond to PAC and its evolving risks.

All respondents reported some adaptation of programming in response to PAC and its evolving risks, including promoting transparency and dissemination of accurate information about COVID-19. This included conducting disinformation seminars for senior- and mid-level political representatives on responsible vetting and dissemination of information and news related to COVID and the importance of providing accurate and timely information regarding the pandemic (with a focus on information shared over social media and the potential impact of mis/disinformation being posted to online platforms). The program supported locally elected representative to join a series of radio shows on COVID-related issues (produced and broadcasted in Nepali and Maithili), with topics ranging from healthcare and vaccine priorities to local budget management, to the role of the public and private sector, among other topics.

The Niti Sambad program adapted to include components aimed at ensuring that the rights of women and children and other vulnerable communities were being protected during COVID and that allocated resources were being appropriately administered in support of these populations. The program provided support for government-issued directives to ensure that the specific needs of vulnerable groups were being considered, including safety considerations for quarantine facilities.

According to respondents, adapted programming included work with parliamentary committees to improve draft legislation related to COVID, including by providing recommendations that reflect best

practices in promoting transparency, accountability and participatory approaches, as well as convening consultations with relevant stakeholders to advocate for adoption of proposed revisions.

**NSAF:** The NSAF activity supports DO2 of the USAID Nepal CDCS and is focused on building competitive seed and fertilizer systems for inclusive and sustainable growth in agricultural productivity, business development, and income generation. Unlike the programs above, NSAF was not designed to explicitly address corruption-related risks related to the systems and institutions with which the program interacted. While DO2 envisions support for these types of interventions, as suggested in the CDCS, NSAF was focused primarily on other subobjectives.

KII respondents for NSAF reported that they did not observe changes in corruption that impacted their project or specific activities and that they, therefore, did not adapt program components in response to PAC and its evolving risks. USAID respondents noted that, though the program was procurement-heavy by design, it did not involve procurement of healthcare-related goods and services (where most alleged abuse occurred during the pandemic). They emphasized that USAID conducted all procurement according to its own policies and regulations and therefore did not face corruption-related risks.

The NSAF program was selected for inclusion in the evaluation primarily based on initial conversations with Mission staff about a COVID-responsive input voucher program that would mitigate financial hardship faced by farmers. Respondents noted that the voucher program was incorporated into the scope of work and rolled out in a digital format to address COVID-associated corruption risks. However, KII respondents asserted that the program was not implemented through a digital modality out of concerns for COVID-associated corruption. Rather, they explained that the digital modality was adopted because of farmers' and program staff's lack of mobility and the need to transfer funds without in-person contact. In addition, digital fund transfers are a best practice (to ensure transparency and prevent abuse/fraud) and a modality that USAID now generally prefers and employs when possible.

Respondents reported internal monitoring adaptations to ensure they were able to maintain adequate program and financial monitoring during COVID-19, despite their lack of mobility and other restrictions. These included increased virtual monitoring, requests for more frequent partner updates, and field visits when possible. They reported shifts toward digital platforms, including digital input vouchers, extension services, e-commerce platforms, and better linkages with digital finance and business services. They emphasized that these adjustments were not, however, associated with COVID-related corruption and its emerging risks. Program documents validated this assertion, as corruption risks were not mentioned in those documents reviewed by evaluators.

**Education COVID Response Activity:** The Education COVID Response Activity is a COVID-19 rapid response activity that supports DO3 of the USAID Nepal CDCS and aims primarily to increase access to education for children in hard-hit COVID municipalities where schools are closed. The activity was selected for inclusion in the evaluation because, unlike the other activities selected, it was developed in response to the pandemic. Evaluators were interested in learning whether COVID-associated corruption was considered in the design of the program or impacted its implementation. According to KII respondents and based on a desk review of program documents, the program did not take into consideration COVID-associated corruption at the program design stage and the activity has not adapted its programming in response to PAC and its evolving risks.

Overall, where programs were designed to integrate good governance approaches that (indirectly) address corruption, i.e., CS:MAP and Niti Sambah, it was natural for the programs to pivot and adapt programming to address specific corruption-related risks arising during the COVID-19 period. The supply and demand-side capacity building, awareness raising, and advocacy in which the programs were engaged adapted rapidly and flexibly to respond to PAC. Programs had no need to adapt approaches or objectives. Instead, planned activities/outputs were delivered as planned, but with content, audience, etc. adapted to reflect the changed COVID landscape.

Conversely, managers of activities that were not designed to integrate governance strengthening approaches addressing corruption generally did not believe changes to corruption impacted their programming. Neither did they view corruption changes as presenting opportunities for adapting their programming. As a result, they did not adjust programming to accommodate changes in corruption. NSAF and the Education COVID Response Activity observed PAC but perceived it to be unrelated and irrelevant to their core objectives and interventions. They paid very little consideration to assessing potential COVID-related corruption risks, and they considered adapting to PAC to be outside of their scopes.

Though both of the latter programs involved procurement, there was no indication or evidence of procurement-related corruption in the relevant sectors, agriculture and education, that would have impacted the activities.

The evaluators do not have enough information to determine whether COVID-associated corruption that could have impacted the activities was present but went unnoticed or if, as respondents assert, changes in corruption were not relevant to the activities at issue and, therefore, did not warrant adaptations to programming.

## EQ 2: EFFECTIVENESS OF ADAPTATIONS TO PANDEMIC-ASSOCIATED CORRUPTION

**CS:MAP:** Under the CS:MAP activity, given increased opportunities for corruption related to the procurement of COVID-related goods and provision of services, implementing partners and CSO and media participants reoriented their activities to focus in part on monitoring, reporting, advocacy, and awareness raising related to government management and administration. To facilitate citizen participation in combatting corruption, the program developed educational materials on filing formal and informal corruption complaints through digital apps, social media, and other accessible channels.

Activity monitoring and evaluation documents, including the Performance Indicators Tracking Table appended to the CS:MAP final report, do not include separate data for program components or initiatives focused specifically on PAC. Still, progress toward umbrella indicators, as well as input from KII respondents, can provide some indication of the efficacy of adapted components toward achieving corresponding program objectives.

Input from KII respondents and analysis of progress toward program indicators suggests that programmatic adaptations in response to PAC and its evolving risks were often effective in achieving corresponding program objectives. KII respondents report that program components focused on coalition building, evidence-based advocacy efforts, monitoring and reporting on COVID-related spending and public service delivery, and awareness raising were effective in achieving desired results pertaining to increased CSO and media capacity to promote public interest outcomes and improve

transparency and government accountability. Respondents noted the reach and importance of information campaigns, including those focused on disseminating accurate information about COVID, as well as those highlighting corruption-related risks and information about government provision of goods and services related to COVID. Respondents reported that this common area of concern, the government's response to COVID, coupled with the shift toward digital convenings and engagement, allowed CSOs and media to expand their networks and reach, resulting in more effective outreach and advocacy initiatives.

Reporting against program indicators validates interviewee responses regarding the efficacy of adaptations (with the caveats that results were not disaggregated based on corruption-related components and the evaluators do not have access to primary sources of evaluation data to examine assessment methodologies and identify their limitations). Illustrative results include:

- Regarding training and mentoring for CSOs and media organizations to publish public interest reports that raise awareness on key issues, the program found that “Interactive Voice Response surveys revealed how public service announcements, anti-corruption campaigns like Ma Khaandina and Ma Bolchhu, Right to Information campaigns, and campaigns addressing social problems like violence against women, played a key role in improving public perception.”<sup>91</sup>
- Regarding capacity building for CSOs, including media, to engage in advocacy campaigns, the program found “improved civil society and media capacity to design and implement constructive advocacy strategies, leverage existing and new coalitions for joint actions, and to establish a culture of research and investigative journalism for evidence-based advocacy. This led to increased public engagement and participation in the policy-making processes, effective CSO and media representation of citizen concerns, increased participation in municipal civic engagement by women, youth and marginalized populations, increased influence of civic leadership in the public sphere, and a culture of sharing of efforts and results through digital platforms.”<sup>92</sup>
- Regarding capacity building of local CSOs, media and community-based organizations to monitor and report on cross-sectoral public service delivery, the program found they were effective in providing “Nepali CSOs and the media with the resources, incentives, and coordination platforms they needed to promote coordination among citizens, CSOs, and the media for effective monitoring and oversight of public resource use and public service delivery. The combination of these interventions [also] led to improved capacity and collaboration among civic groups and the media to utilize tools and methods to monitor and report on public service delivery, with a sectoral focus on health, education, agriculture, and disaster risk reduction.”<sup>93</sup>

**Niti Sambad:** The Niti Sambad program responded to several needs presented by PAC and its evolving risks, including the need to combat dangerous mis/disinformation related to the virus and the need to buttress legislation related to COVID-19 to ensure greater transparency and accountability.

<sup>91</sup> CS:MAP Final Report, 16. See also indicators for IR 1.2.

<sup>92</sup> CS:MAP Final Report, 18-22. See also results for Indicators 1.1.2, 1.1.3, 2.1.2, 2.1.4, 2.1.6, 2.3.1, 2.3.2, among other relevant indicators.

<sup>93</sup> Final Report, 23-24. See also results for indicators under Objective 3.

KII respondents emphasized the reach of awareness-raising campaigns and generally expressed confidence in the efficacy of relevant program components, but they were not able to provide data or other information related to impact or progress toward achievement of objectives.

Activity monitoring and evaluation documents, including the Monitoring, Evaluation, and Learning Plan (version 7), which is the latest version provided to evaluators and is lacking data for 2021 and 2022, does not include disaggregated data for program components or initiatives focused specifically on PAC (as distinguished from activities the results of which contribute to the same indicators but that are not focused on corruption). While progress toward umbrella indicators may provide some indication of the efficacy of adapted components toward achieving corresponding program objectives, outcome or impact-level results are not included for relevant indicators.

Program documents provide some outcome and impact-level analysis, as follows:

- Regarding the Radio Response to COVID-19 initiative, program documents indicate that this component assisted in “reducing the ‘information gap’ between elected representatives and voters while also reducing and countering the phenomena of dis/misinformation.” The report goes on to note that “the radio response to COVID-19 program strengthened the level of political parties’ accountability and transparency to voters in and between elections by enabling the senior- and mid-level political party representatives to better articulate policies directly to voters. According to ALN’s ‘Monitoring, Evaluation and Learning Report - CivActs Radio Programs,’ in total, the 56 radio shows reached an estimated 3.1 million voters from 369 municipalities. Voters were able to recognize these shows as an authentic source of ‘real-time’ facts about the government’s response to the pandemic, providing also accurate and timely information to voters in managing the phenomena of dis/misinformation. In particular, one listener in Province I shared that “the citizens have not observed much progress in terms of the money spent on the COVID-19 response and that radio programs such as these allow the public to voice their concerns and to act as a ‘watchdog’ to the local authorities.”<sup>94</sup>
- Regarding disinformation seminars for elected officials, as far as the evaluators can tell, no surveys or evaluations have been conducted to assess outcome or impact-level results. Program documents indicate that Consortium for Elections and Political Process Strengthening/National Democratic Institute organized four online seminars for 95 senior- and mid-level political representatives from across the political spectrum (82 women).
- Regarding support for parliamentary committees, according to a KII respondent, draft policies and laws were improved in all cases where they provided recommendations, noting that they supported more than 25 laws and policies over the course of the program. The respondent noted that many draft policies and bills were related to COVID-19 and that all recommendations included a focus on accountability and transparency, as well as inclusion of women and other marginalized groups as relevant. Program reporting documents indicate that the IP provided recommendations on at least seven policies/laws that were relevant in some way to COVID-19 and that the stakeholders benefitted from and incorporated recommendations in at least some cases.

<sup>94</sup> Final Report, 30, 33



**NSAF:** For the NSAF activity, respondents reported that they did not observe changes in corruption that impacted their project or specific activities and that they therefore did not adapt program components in response to PAC and its evolving risks. They noted that, though the program was procurement-heavy by design, USAID conducted all of the procurement according to its own policies and regulations and did not face corruption-related issues. The digital voucher program modality was adopted because of farmers' and program staff's lack of mobility and the need to transfer funds without in-person contact. Program staff believed that this modality was by nature safer and more transparent, but they noted that this was not implemented out of concerns for COVID-associated corruption.

**Education COVID Response Activity:** According to KII respondents and based on a desk review of program documents, the activity did not take into consideration PAC at the program design stage and the activity has not adapted its programming in response to PAC and its evolving risks.

Overall, DRG programs that were designed to integrate approaches that were (indirectly) aimed at addressing corruption and corruption-related risks were responsive (CS:MAP) or somewhat responsive (Niti Sambad) in terms of adapting programming to address changes in corruption during the COVID-19 period.

While we have limited data related to outcome and impact-level results for adapted program components, internal assessments (reflected in program monitoring, evaluation, and learning documents and program reports) suggest that adapted interventions generally were at least somewhat effective in achieving desired results or advancing progress toward overall objectives.

### EQ 3: COORDINATION OF ADAPTATIONS ACROSS STAKEHOLDERS

Evaluators examined how well USAID's anti-corruption projects and components of other sectoral activities were coordinated across internal and external stakeholders, asking respondents for information about informal or formal mechanisms that were in place to facilitate coordination.

**CS:MAP:** Respondents cited the Federalism Working Group as a coordination platform composed of all diplomatic agencies and donors working on federalism-related reforms/initiatives. One respondent recalled this platform being used to discuss PAC issues on multiple occasions. Other mechanisms were mentioned, including the Election Working Group and the Accountability Working Group, but respondents did not recall or know whether these platforms had been used to discuss PAC. Respondents cited a USAID-led Democracy & Governance Partners Forum that regularly convened DRG implementing partners. They noted that this mechanism was well managed, convened regularly, and regularly served as a platform for conversation about PAC and programmatic responses. Finally, respondents emphasized the value and efficacy of the CSO and media coalition-building and coordination that was supported through the activity, which resulted in collective reporting and advocacy efforts around corruption and COVID-19.

Respondents noted a need for better coordination mechanisms at the provincial and local levels (among groups and individuals working on common issues) and the need to expand the USAID-led coordination of DRG implementing partners to include other sectors as well, to help promote cross-sector linkages and coordinated approaches. One respondent suggested USAID should provide support for local governments to develop their own coordination mechanisms for crisis intervention. Another respondent suggested that USAID invest resources in promoting the integration of CSOs into existing

coordination mechanisms set up by the government. In this way, CSOs can be more involved, bring their ideas to the table, and more effectively act as watchdogs.

**Niti Sambad:** In addition to the platforms noted above, respondents cited a local governance learning group for USAID local government partners, but they did not recall PAC coming up as a topic of discussion during these meetings. One respondent noted that the absence of an effective coordination mechanism resulted in poor information sharing and duplicate planning and programming.

One respondent noted the need for more robust external coordination and supporting government groups to help themselves build capacity in terms of disaster response. Another respondent noted the need for more robust and systematized coordination mechanisms to support communication and information sharing across USAID, other donors, and international and local IPs.

**NSAF:** Respondents noted the existence of a Food Security Coordination Group for donors, as well as informal sharing sessions that periodically occurred among partners, as well as a Project Steering Committee that met twice a year. They did not recall PAC risks emerging as topics for discussion in these fora.

**Education COVID Response Activity:** Respondents noted an Education Cluster Mechanism that helps facilitate coordination in this sector, as well as a local education development partner group. They were unaware of the use of these platforms to address PAC risks.

To summarize, the Nepal Mission had no internal or external coordinating mechanisms in place to facilitate coordination across USAID's anti-corruption projects and/or components of other sectoral activities that were AC adjacent or focused, nor did the Mission introduce such coordinating mechanisms in response to changes to corruption during the pandemic. At least one existing mechanism for donors/diplomatic agencies and one for implementing partners were cited as platforms that were periodically used to informally discuss PAC, but these were not focused on coordinating response efforts.



## **ANNEX G, SEMI-STRUCTURED KII GUIDES**

## USAID MISSION POC

Demographic Information
Date:
Start time:
Interviewer name:
Primary notetaker name:
Respondent(s) name(s):
Respondent(s) title(s):
Respondent organization:
# Of months respondent(s) has worked with the organization:
Anyone else present:

### **FQ: What, if any, effect has the COVID-19 pandemic had on corruption in the places where the Agency works?**

1. To what extent, if at all, is country-level corruption a concern for the Mission? Please explain.
2. In what ways, if at all, has the Mission observed any changes in corruption (whether an increase in existing corruption or different forms of corruption) during the period of the COVID-19 pandemic?

[If changes have been observed]:

- To what extent do you think these changes are a result of the pandemic?
  - How, if at all, have these changes affected the sectors in which USAID works? Which, if any, of the sectors or government functions have been affected more than others?
3. If you are aware of any internal fraud or waste cases being reported with respect to the partner government's response to the pandemic, please describe these cases.

**EQ1: To what extent were USAID's existing and new anti-corruption projects and other sectoral activities responsive to pandemic-enabled corruption and its evolving risks in-country? AND EQ2: Which anti-corruption projects and sectoral activities were most effective at addressing COVID-enabled corruption? (Clarification: other sectoral activities include those originally including an AC component and those that added an AC component during the pandemic)**

### **[Qs 4-9 For Senior Leadership/Key Informants with Knowledge of Overall AC Strategy:]**

4. What is the Mission's overall strategic approach to combating corruption and mitigating public sector corruption risks in-country? (Clarification if asked: public sector includes health, education, governance and other sectors.) (Probes: what types of strategy documents, programs, or operational guidance do you have in place that address public sector corruption?)

[If corruption changes have been observed (Q2)]:

5. How, if at all, has the Mission adapted its overall strategy and approaches in response to changes in corruption during the pandemic?
  - Please provide specific examples of changes to strategy or approach. (Probes: have you made any changes to strategy documents, operational guidance or other documents?)
  - If the Mission has not adapted its strategy, please explain why.

[If answered positive to Q5]:

6. How effective has the Mission's adaptation to COVID-associated corruption been (e.g., have changes been achieved or are they achieving the desired result)?
  - What are some examples of accomplishments in this area?
  - What are some examples of challenges or issues that require improvement?
7. Please share an example of an activity or project that has excelled at adopting a new strategic approach to addressing changes in corruption. (Probes: what facilitated adoption of the new strategic approach? What tools, resources and mechanisms stood out when adapting to corruption risks?)
8. How much, if any, COVID-19 supplemental funding did the Mission receive?

[If funding was received]:

- Was any of the funding devoted to combatting corruption in the public sector? If so, please explain how.
- Was any of the funding devoted to strengthening public sector systems for safeguarding COVID-19 resources? If so, please explain how.

**[Qs 9-12 Additional Questions for Office Head/Manager Level/Informants with Detailed AC Programmatic Knowledge]**

9. What anti-corruption projects were ongoing at the time the pandemic emerged (as of January 2020)? Please provide a brief overview of each project, including core activities.

[If answered positive to Q2]

10. Please explain how, if at all, the Mission adapted these existing projects in response to pandemic-associated changes in corruption.

[If projects were adapted]:

- For each relevant project, please explain how and why the project was adapted.
- For each relevant project, how effective were adaptations/program changes in responding to COVID-associated corruption? Please explain why you think adaptations were effective or ineffective.
- What, if anything, could have been done to increase effectiveness?
- Were there specific constraints that inhibited effective adaptation?

[If projects were not adapted]:

- Why were projects not adapted?
- Were there specific institutional or other constraints that prevented or inhibited adaptation of programming (e.g., challenges in contractual structure/financial limitations/technical capacity)?

11. What, if any, sector projects (non-AC) active at the start of the pandemic subsequently adapted to respond to pandemic-associated corruption?

[If there were ongoing other sector projects that were adapted]:

- For each relevant project, please explain how and why the project was adapted.
- For each relevant project, how effective were adaptations/program changes in responding to COVID-associated corruption? Please explain why you think adaptations were effective or ineffective.
- What, if anything, could have been done to increase effectiveness?
- Were there specific institutional or other constraints that prevented or inhibited adaptation of programming (e.g., challenges in contractual structure/financial limitations/technical capacity)?

[If no ongoing other sector projects were adapted]:

- Were there specific institutional or other constraints that prevented or inhibited

adaptation of programming (e.g., challenges in contractual structure/financial limitations/technical capacity)?

12. What, if any, new programming – whether AC programming or other sector programming – has the Mission launched during the pandemic period that includes components designed to respond to (or mitigate against) pandemic-associated corruption and its risks?

[If there were new AC or other sector projects that included components designed to respond to pandemic-associated corruption]:

- For each relevant project, please explain how and why relevant project components were designed.
- For each relevant project, how effective were these components in responding to pandemic-associated corruption? Please explain why you think these components were effective or ineffective.
- What, if anything, could have been done to increase effectiveness?

[If there were no new AC or other sector projects that included components designed to respond to pandemic-associated corruption]:

- Were there specific institutional or other constraints that prevented or inhibited the design and launch of such programming (e.g., challenges in contractual structure/financial limitations/technical capacity)?

**EQ3: How well were USAID’s anti-corruption projects and components of other sectoral activities coordinated across internal and external stakeholders?**

13. Please describe what, if any, formal or informal mechanisms the Mission has in place to facilitate internal coordination (within the Mission, within USAID and between the Mission and other USG entities) to address corruption, such as committees, working groups, communities of practice, or regular meetings.

[If mechanisms are in place]:

- Which specific stakeholders are involved?
- How, if at all, have these mechanisms changed during the pandemic (e.g., has the Mission introduced new, or adapted existing, informal or formal AC coordination platforms to respond to changes in corruption during the pandemic)?
- What resulted from these coordination efforts during the pandemic? Please share examples of successes and challenges. How could they have been more effective?

[If mechanisms are not in place]:

- To what extent, if any, would internal coordination mechanisms have impacted the

Mission's capacity to address corruption associated with the pandemic?

14. Please describe what, if any, formal or informal mechanisms the Mission has in place to facilitate coordination on anti-corruption issues with external stakeholders, such as CSOs or NGOs, implementing partner organizations, other donors, academic institutions, or other governments.

[If mechanisms are in place]:

- Which specific stakeholders are involved?
- Have these mechanisms changed during the pandemic (e.g., has the Mission introduced new, or adapted existing, informal or formal AC coordination platforms to respond to changes in corruption during the pandemic)? If so, how?
- What resulted from these coordination efforts during the pandemic? Please share examples of successes and challenges. How could they have been more effective?

[If mechanisms are not in place]:

- To what extent, if any, would external coordination mechanisms have impacted the Mission's capacity to address corruption associated with the pandemic?

15. What recommendations do you have for other Missions, USAID/Washington, implementing partners, and others seeking to coordinate anti-corruption activities during emergencies?

16. Is there anything else you would like to share with us? Is there anyone else you would recommend we speak to?

End time: \_\_\_\_\_

**USAID ACTIVITY CONTRACTS OFFICER'S REPRESENTATIVE/AGREEMENT OFFICER'S REPRESENTATIVES /IMPLEMENTING PARTNER/GRANTEE**

<b>Demographic Information</b>
Date:
Start time:
Interviewer name:
Primary notetaker name:
Respondent(s) name(s):
Respondent(s) title(s):
Respondent organization:
# Of months respondent(s) has worked with the organization:
Anyone else present:

**FQ: What effect has the COVID-19 pandemic had on corruption in the places where the Agency works?**

1. To what extent is country-level corruption a concern for your activity? Please explain.
2. To what extent, if any, has your project team observed changes in corruption in the sector(s) in which you work (whether an increase in corruption or different forms of corruption)?

[If changes have been observed]:

- Why do you think these changes have occurred?
- To what extent do you think these changes are a result of the pandemic? What evidence contributes to your conclusion?
- Which, if any, of the sectors or government functions have been affected more than others?

**EQ1: To what extent were USAID’s existing and new anti-corruption projects and other sectoral activities responsive to pandemic-enabled corruption and its evolving risks in-country? (Clarification: other sectoral activities include those originally including an AC component and those that added an AC component during the pandemic)**

3. Tell me a bit about your project. When did it begin? What are its overall goals and objectives? (If a sectoral project with AC sub-activities: which sub-activities addressed corruption?)
4. Please explain how, if at all, corruption or corruption risks associated with the pandemic affected your project (AND/OR informed the design of your project, if it commenced after pandemic emerged)?

5. Please describe how, if at all, your project responded (in design or through amendments) to changes in corruption and corruption risks associated with the pandemic. What specific design decisions or adaptations were made?
  - Probe for: programmatic considerations/amendments (design/objective/scope), implementation decisions/modifications; operational changes (contracting mechanism/grantees/partnership/budget/obligations); and monitoring changes.
  - If no adaptations, probe for: specific institutional or other constraints that prevented or inhibited adaptation of programming (e.g., challenges in contractual structure/financial limitations/technical capacity).

[If adaptations were made to ongoing programs]:

6. In responding to changes in corruption and corruption risks during the pandemic, please describe how, if at all, your project team took advantage of new Agency contract and grant flexibilities?
  - What were the results of using these flexibilities? Were there constraints that inhibited use of these flexibilities? What additional flexibilities would have been helpful in effectively adapting programming?
7. How much, if any, COVID-19 response funds did your project receive and how were these funds used?

[If COVID-19 response funds were received]:

- How, if at all, was COVID-19 response fund-supported programming designed to account for or respond to pandemic-associated corruption? How effective was this programming in this regard?

**EQ2: Which anti-corruption projects and sectoral activities were most effective at addressing COVID-enabled corruption?**

8. How effective has the project team’s design or adaptation of activities to address pandemic-associated corruption been (e.g., have they achieved or are they achieving the desired result)?
  - Explain how and why adaptations were either effective or ineffective. Please share examples of any specific decisions or adaptations you think were particularly effective in addressing changes in corruption.
  - What are examples of design or adaptation that was not effective in addressing pandemic-associated corruption?
  - What, if anything, could have been done to increase effectiveness of design/adaptation?



- (Additional probes: Did adaptations result in increased capacity to decrease levels of corruption or mitigate corruption-related risks? Or in actual decreased corruption or mitigation of risks? Is there any evidence for the latter?)

**EQ3: How well were USAID’s anti-corruption projects and components of sectoral activities coordinated across internal and external stakeholders?**

9. Please describe what, if any, opportunities existed for your project team to participate in USAID-led formal or informal coordination mechanisms with other USAID project teams, implementing partners, grantees, other donors, or external stakeholders also working to address corruption, such as committees, working groups, communities of practice, or regular meetings.

[If there were opportunities]:

- For each mechanism noted, who were the target stakeholders and what were the objectives?
- Describe how, if at all, these mechanisms changed during the pandemic (e.g., has the Mission introduced new, or adapted existing, informal or formal AC coordination mechanisms to respond to changes in corruption during the pandemic?).
- What resulted from these coordination efforts during the pandemic? Examples of successes or challenges? How could they have been more effective?

[If there were not opportunities]:

- To what extent, if any, would coordination mechanisms have impacted the Mission’s capacity to address corruption associated with the pandemic?

10. What recommendations do you have for other projects seeking to coordinate anti-corruption activities during emergencies?

11. Is there anything else you would like to share with us? Is there anyone else you would recommend we speak to?

End time: \_\_\_\_\_

## **ANNEX H, SURVEY INSTRUMENT**

Question text	Answer Options
At which Mission do you work?	Mission list
<b>Section 1: Impact of COVID-19 pandemic on public sector corruption in Mission countries (EQ1)</b>	
Based on your knowledge and experience working in [country], what impact, if any, do you think the COVID-19 pandemic has had on corruption in the public sector?	1-Reduced corruption a lot 2-Reduced corruption somewhat 3-No effect 4-Increased corruption somewhat 5-Increase corruption a lot 97-Do not know
If "Increased corruption somewhat" or "Increased corruption a lot": In what ways do you think the COVID-19 pandemic has increased corruption in [country]?	Open response
If "Reduced corruption a lot" or "Reduced corruption somewhat:" In what ways do you think the COVID-19 pandemic has reduced corruption in [country]?	Open response
<b>Section 2: Adaptations made to address pandemic-enabled corruption (EQ2) and their effectiveness (EQ3)</b>	
How many USAID funded activities with a focus on anti-corruption or an anti-corruption related component or sub-activity are you involved in? By anti-corruption activity, we mean activities designed to combat corruption in the public sector.	Numeric
Please list each of these projects.	Write in response for each distinct activity
OK, now I want to ask about each of these anti-corruption Activities individually [up to five].	
For each AC Activity or Activity with AC sub-activities: What sector(s) does this Activity (and its various sub-Activities) address? (Select all that apply)	1-Agriculture and Food Security 2-Anti-corruption 3-Other Democracy Human Rights and Governance 4-Economic Growth and Trade 5-Education 6-Environment Energy and Infrastructure 7-Gender Equality and Women’s Empowerment 8-Global Health 9-Humanitarian Assistance 10-Innovation Technology and Research 11-Nutrition 12-Water and Sanitation 88-Other

Question text	Answer Options
For each AC Activity or Activity with AC sub-components: Please briefly describe the anti-corruption components of this Activity.	Open response
For each AC Activity or Activity with AC sub-components: During the pandemic, many Activities had to adapt their programming to allow for social distancing and other COVID-19 related safety precautions. However, other Activities had to adapt the content and objectives of their programming to address new issues that arose in their sectors during of the pandemic. Did this Activity change its objectives, content, or implementation methods to address new corruption issues that emerged during the pandemic?	0-No, because changes were not warranted 1-No, because changes would have been too difficult to implement 2-No, for other reasons 3-Yes
If no changes warranted: Please briefly explain why changes to address new corruption issues during the pandemic were not warranted.	Open response
If no because changes would have been too difficult to implement: Please briefly explain why changing the objectives or content of this activity would have been too difficult to implement	Open response
If no for other reasons: Please briefly explain why changes to address new corruption issues during the pandemic were not warranted.	Open response
If yes: Please describe the changes that were made to address new corruption issues that emerged during the pandemic.	Open response
If yes: In your opinion, how effective were these changes at addressing the new corruption issues that emerged during the COVID-19 pandemic?	0-Not at all effective 1-Somewhat effective 2-Very effective 97-Do not know
If not at all effective: Please briefly explain why you think these changes were not effective.	Open response
If somewhat effective: Please briefly explain why you think these changes were somewhat effective.	Open response
If very effective: Please briefly explain why you think these changes were very effective.	Open response
<b>Section 3: Coordination across internal and external stakeholders (EQ4)</b>	
If yes: Did Mission leadership review, approve, or provide feedback on these changes made to address the new corruption issues that emerged during the pandemic? [select all that apply]	0-No involvement 1-Review 2-High-level feedback 3-Detailed feedback 4-Approval 97-Do not know

Question text	Answer Options
If yes: Did staff from the [REGION] Bureau review, approve, or provide input on these changes made to address the new corruption issues that emerged during the pandemic? [select all that apply]	0-No involvement 1-Review 2-High-level feedback 3-Detailed feedback 4-Approval 97-Do not know
If yes: Did staff from a Technical Bureau review, approve, or provide input on these changes made to address the new corruption issues that emerged during the pandemic? [select all that apply]	0-No involvement 1-Review 2-High-level feedback 3-Detailed feedback 4-Approval 97-Do not know
If yes: Did staff from the Office of Acquisition and Assistance review, approve, or provide input on these changes made to address the new corruption issues that emerged during the pandemic? [select all that apply]	0-No involvement 1-Review 2-High-level feedback 3-Detailed feedback 4-Approval 97-Do not know
If yes: Did staff from any other DC-based Bureau review, approve, or provide input on these changes made to address the new corruption issues that emerged during the pandemic? [select all that apply]	0-No involvement 1-Review 2-High-level feedback 3-Detailed feedback 4-Approval 97-Do not know
If yes: Which Bureau(s)?	Open response
If yes: Were officials from partner government agencies consulted about these changes?	0-No 1-Yes 97-Do not know
If yes: Were officials from other donor agencies or INGOs consulted about these changes?	0-No 1-Yes 97-Do not know
<b>Section 4: Wrap up - all respondents</b>	
Thank you for your responses and insights so far. Now consider the Mission's anti-corruption portfolio as a whole.	
In your opinion, to what extent were this Mission's anti-corruption activities during the pandemic coordinated with officials from [region] Bureau?	0-No coordination whatsoever 1-Some coordination 2-Close coordination 97-Do not know
In your opinion, to what extent were this Mission's anti-corruption activities during the pandemic coordinated with officials from relevant technical bureaus based in D.C.?	0-No coordination whatsoever 1-Some coordination 2-Close coordination 97-Do not know

Question text	Answer Options
In your opinion, to what extent were this Mission's anti-corruption activities during the pandemic coordinated with officials from partner government agencies?	0-No coordination whatsoever 1-Some coordination 2-Close coordination 97-Do not know
In your opinion, to what extent were this Mission's anti-corruption activities during the pandemic coordinated with officials from other donor agencies or INGOs?	0-No coordination whatsoever 1-Some coordination 2-Close coordination 97-Do not know
Is there anything else you would like to share regarding changes in corruption during the COVID-19 pandemic on corruption and/or USAID's response in your country/Mission?	Open response

**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**

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