Rethinking anti-corruption for COVID-19

May 19, 2020

Guest post by Mushtaq Khan and Pallavi Toy of the SOAS Anti-Corruption Evidence Consortium (SOAS-ACE)

Why the COVID-19 response is undermined by corruption

'Flattening the curve' and lockdowns have sadly become part of our new vocabulary. That this is not just about limiting patient numbers temporarily but primarily about using the opportunity to scale up COVID-19 testing and treatment capacities often appears not to be understood.

Developing countries will have to access global emergency funding to enhance their health response and to mitigate economic hardship. But the reality is that in many countries, corruption and governance constraints will limit the rapid scaling up of responses to COVID-19. As we explain in a SOAS-ACE policy brief, this will not only undermine treatment responses, but result in cycles of unsustainable lockdowns and massive economic deprivation.

Corruption is already affecting crisis response

In times of crisis even the best governments are often forced to side-step standard procurement processes to speed up responses. It is not at all surprising that corruption can spike under such conditions in systems that are already corrupt.

Even as countries have scrambled to address the pandemic, there has been padding of procurement contracts, leakages in distribution, including of emergency food supplies, and cronyistic appointments to head newly formed response agencies in countries as diverse as Colombia, Nigeria, Bangladesh, Romania and Ukraine. Oversight agencies across the world have pointed out significant breaches in governance increasing in COVID-19 contexts.

Consequences

The result is a huge escalation in the cost of scaling up testing, treatment, and quarantine facilities. The cost of an extra bed or testing kit is not just the cost of the material and staff that go into procurement and service delivery. It includes the additional cost of corruption, so that the same expenditure delivers less kits and fewer beds, and of lower quality.

Standard anti-corruption measures like setting conditions for health sector reform when countries borrow for COVID-19 are too blunt and have in any case not worked well in the past. This may even backfire if people are made to believe that their hardship is exacerbated by international lenders. Nevertheless, once we start getting out of this mess there may be real appetite for more serious reform.

Why aid agencies need to try something different – the case for multiple providers

We have argued that even in 'normal' times anti-corruption efforts in developing countries have to look for opportunities where important participants have incentives to deliver better outcomes in their own interest with less corruption. In a crisis the task is more challenging but not hopeless. Mobilising multiple organisations may be a feasible, if temporary, anti-corruption strategy in an emergency.

Most countries have a mix of organisations involved in healthcare with different capabilities and strengths and weaknesses. They include clinics and hospitals at different levels, NGOs and charities, local pharmaceutical industries and importers, testing labs, universities and research institutes both public and private.

Given the implausibility of a quick fix of the corruption problem, a feasible emergency response would be to identify the most ambitious test and treatment strategy that can be envisaged in that context if all available organizations could be mobilized. If the treatment strategy is too ambitious and cannot be delivered, the outcome may be just as bad as if the treatment strategy lacked ambition. The enormity of the crisis justifies thinking in terms of a wartime response and asking how the different parts of this strategy could be provided by mobilizing different delivery agencies to achieve the most cost-effective and rapid scaling up.

It is not necessary to predict which organizations will be better at what. Mobilizing multiple providers for each goal can generate incentives to cooperate and provide cost-effective results if the strategy scales up providers who perform better. There will be resistance from rent seekers, but they may be overcome if the strategy is presented as a national emergency response. And, of course, the top leader(s) at least have to believe that a social collapse due to COVID-19 is not in their interest.

OK, but in the meantime?

The rapid development of testing capacity in the UK is an example of an emergency response with multiple agencies, universities, the private sector and even the army mobilized to deliver a rapid increase in testing capabilities. This was not an anti-corruption measure, but a strategy to accelerate delivery.

Similarly, developing countries could temporarily mitigate corruption and low capacity by involving public, private and third sector actors to enable scaling up on the basis of revealed competence. This does not get rid of corruption but reduces its level to maximize scaling up. This is very different from the optimization strategy of standard economics.

When we discussed this idea with Duncan Green, he suggested we should make explicit that we were deliberately suggesting building in redundancy. In a storm, even if you are building a small hut, you would do well to build some redundancy into each wall. A leaner approach may look more cost effective, till the storm blows it away. It is only if developing countries have an effective strategy of strengthening their health responses in the storm can lockdowns be relaxed in a sustainable way.