

**7th ICAC
SYMPOSIUM**
廉政公署第七屆國際會議
22 - 24 · 5 · 2019 HONG KONG 香港



Fighting Corruption
A New Perspective
拓展反貪**新視野**



World Justice
Project

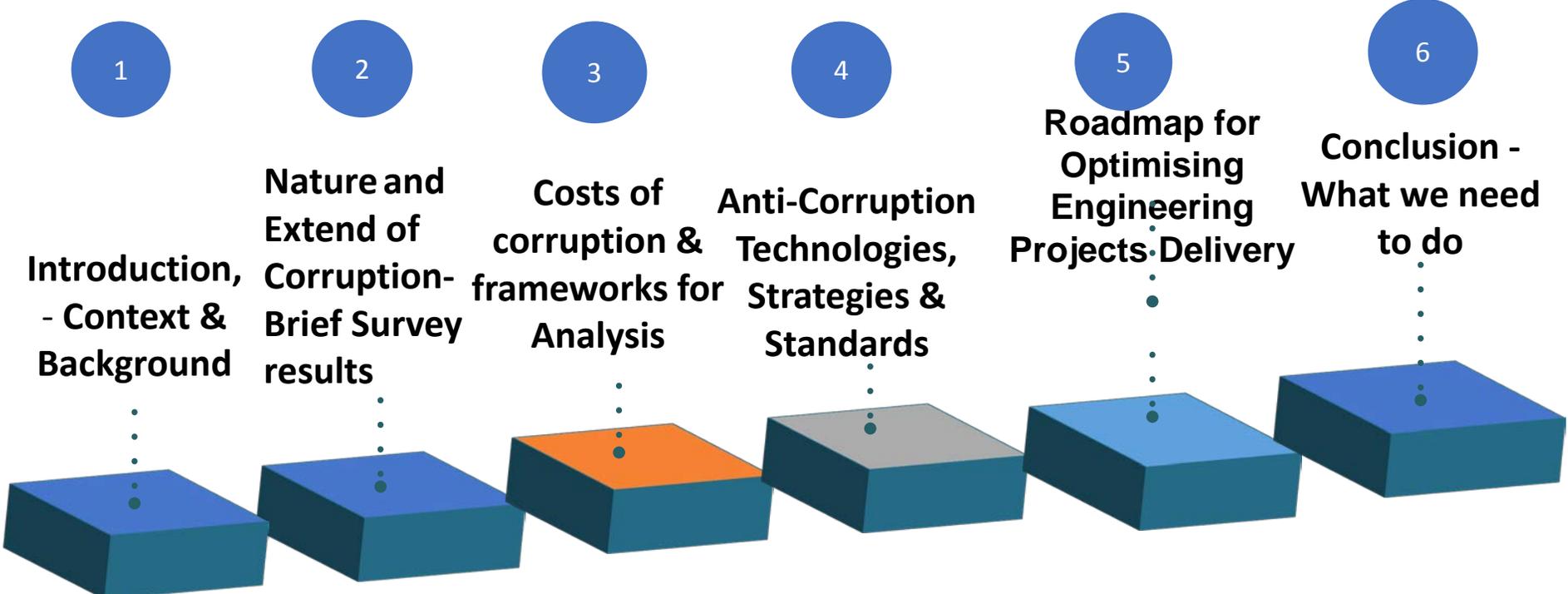
ANTI-CORRUPTION & ANTI-BRIBERY STANDARDS, SYSTEMS AND STRATEGIES FOR OPTIMISING ENGINEERING PROJECTS DELIVERY

“GLOBAL EXPERIENCES IN THE DEVELOPING WORLD”

Eng. Martin Manuhwa

Vice President WFEO – Anti-Corruption Committee (Chair).
President: Federation of African Engineering Organisations (FAEO).

Agenda



Presentation specific problem

- Problems
 - Corruption is one of the **greatest obstacles to the development** of safe and adequate infrastructure.
 - **Project funds are diverted to corrupt officials, funders, contractors, consultants, suppliers and agents.** Corruption occurs in all nations, both developed and developing countries, in public and private sectors, as well as non-profit organisations (GIACC, 2010).
 - The problem of corruption within or across nations is not a recent phenomenon, nor is it exclusively a Developing World problem.
- Challenges
 - The total loss and impact to corruption is difficult to quantify.
 - **Corruption imposes great human, economic and project cost losses** to the public.
 - Consequently, tackling corruption in the construction sector requires the elaboration of a **comprehensive strategy and application of standards** involving all stakeholders.
 - Detection of corruption is difficult as it happens in the 'dark' and is often perpetrated by **high ranking public officials who abuse their trust**

Presentation specific problem

Challenges

- The **harmful effects of corruption** are most severe on the poor who:
 - are in most cases hardest hit by **economic decline**,
 - are most **reliant on the provision of public services**, and
 - are **least capable of paying the extra costs associated with bribery, fraud, and the misappropriation** of economic privileges.
- Corruption kills as it sabotages policies and programs that aim to reduce poverty.

Needs

- **Effective anti-corruption is a management issue.**
 - Some of the most effective anti-corruption strategies as proposed by stakeholders were to **increase political accountability, strengthen civil society participation, create a competitive private sector, improve public sector management** as well as put in place **institutional restraints on power.**
 - The WFEO national members are therefore, urged to support the ISO37001 as a requirements standard so as to effectively minimise corruption.

INTRODUCTION

- **Corruption has many different definitions globally. In some countries, for instance, corruption is defined as the “*soliciting, accepting, obtaining, giving, promising or offering of gratification by way of a bribe or other personal temptation or inducement or the misuse or abuse of a public office or authority for private advantage or benefit through bribery, extortion, influence peddling, nepotism, fraud, rushed trails, and electoral malpractices*”.**
- **The Global Infrastructure Anti-Corruption Centre (GIACC), on the other hand, defines corruption generally to include all criminal activities involving bribery, extortion, fraud, cartelism, deception, collusion, abuse of power, embezzlement, trading in influence and money laundering. The UN’s Global Programme against Corruption (GPAC) defines it as “*the abuse of power for private gain*” and this includes both the public and private sectors.**
- **Anti-Corruption, therefore, mainly refers to the institutional and social interventions aimed at reducing opportunities for corrupt practices and making corruption a high risk undertaking through rules, regulations and practices governing public, private officials, and the general citizenry that will promote transparency and accountability.**
- **This entails the identification, detection and elimination of the causes of, and conditions conducive for, corruption and unethical behaviour; and deter any corruption-related activity and other unethical conduct that may lead to corruption.**

INTRODUCTION

- *Corruption is one of the greatest obstacles to the development of safe and adequate infrastructure. Project funds are diverted to corrupt officials, funders, contractors, consultants, suppliers and agents.*
- *Corruption occurs in all nations, both developed and developing countries, in public and private sectors, as well as non-profit organisations (GIACC, 2010).*
- *The problem of corruption within or across nations is not a recent phenomenon, nor is it exclusively a Third World problem.*
- *However, corruption exists both in developed and developing countries in different forms, degrees and has differing consequences.*
- *There is also the supply and demand of corruption occurring in both the developed and developing countries.*

BACKGROUND & CONTEXT

Infrastructure Development needs to embrace gains made during the Industry 4.0 Revolution like Value Engineering, 3-D printing, Geographic Information & Data Visualization Systems, use of drones in conceptual and detailed design, and other ICT breakthroughs e.g. edge computing, cloud & big data analytics, M2M, IoT and Block Chain Technology for improved and cost effective service delivery.



Engineering professionals are the custodians of infrastructure construction and maintenance and must be trained/ groomed:

facilitate and enhance the knowledge of not only themselves to deal with the challenges of our times, but also to assist decision makers from all levels of society, from the small children to the leaders of countries to ensure a sustainable world for all,

be ethical and conduct themselves professionally,

be up-to date with the rapidly changing technology,

design infrastructure that is environmentally friendly, easy to maintain and sustainable to the end users .

Setting Scene!

- Corruption ranks high as among the greatest obstacles to economic and social development.
- It undermines development by distorting the rule of law and weakening the institutional foundation on which economic growth depends.
- Corruption is pervasive in developing countries because of weak institutions and the lack of effective checks and balances.
- It is mainly the funds from the developed world, the development banks and donors that circulate in corrupt practices in the developing world.
- The construction sector is thus particularly vulnerable to corrupt practices since it involves significant building contracts as well as monopolistic services.

The approach methodology

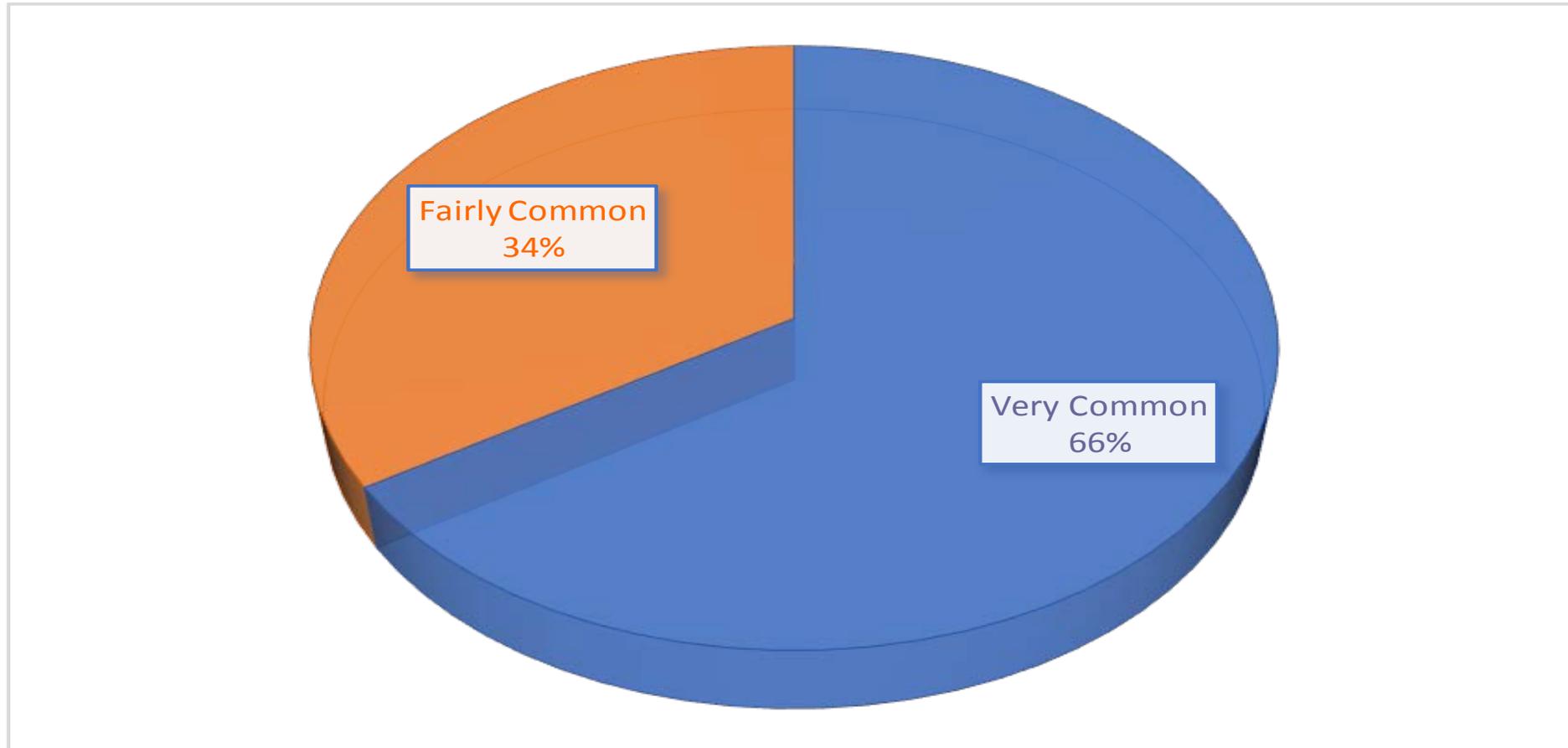
- The World Federation of Engineering Organizations (WFEO) Committee on Anti-Corruption (CAC) conducted a baseline infrastructure anti-corruption survey in Zambia and Zimbabwe.
- The aim of this baseline survey was to create future periodic anti-corruption index reports as well give anti-corruption recommendations to Governments, Corporates, Civil Society and the Federation of African Engineering Organisations (FAEO), and their regional Professional Engineering Institutions (PEIs).
- Special credit is due to our Survey team at WFEO, the Global Infrastructure Anti-corruption Centre (UK), Engineers Against Poverty and the Engineering Council of Zimbabwe for carrying out the studies and for the Royal Academy of Engineering for funding the studies under the African Catalyst
- Perception-based indicators of corruption such as the **Corruption Perceptions Indices** and Worldwide Governance Indicators have been roundly criticised because they focus on people's attitudes towards the prevalence of corruption and not on the nature of the act or its exact magnitude. (Evidence and experience based).The model index proposed in this study is a game changer as it uses real life practical project experience rather than perceptions only.
- OUR study derived its indicators from the **GIACC Infrastructure Scorecard, Theory of Change (ToC)** as adapted by CoST and the **Public Investment Management (PIM) framework** as underpinned in the theoretical and conceptual frameworks adopted.

Findings

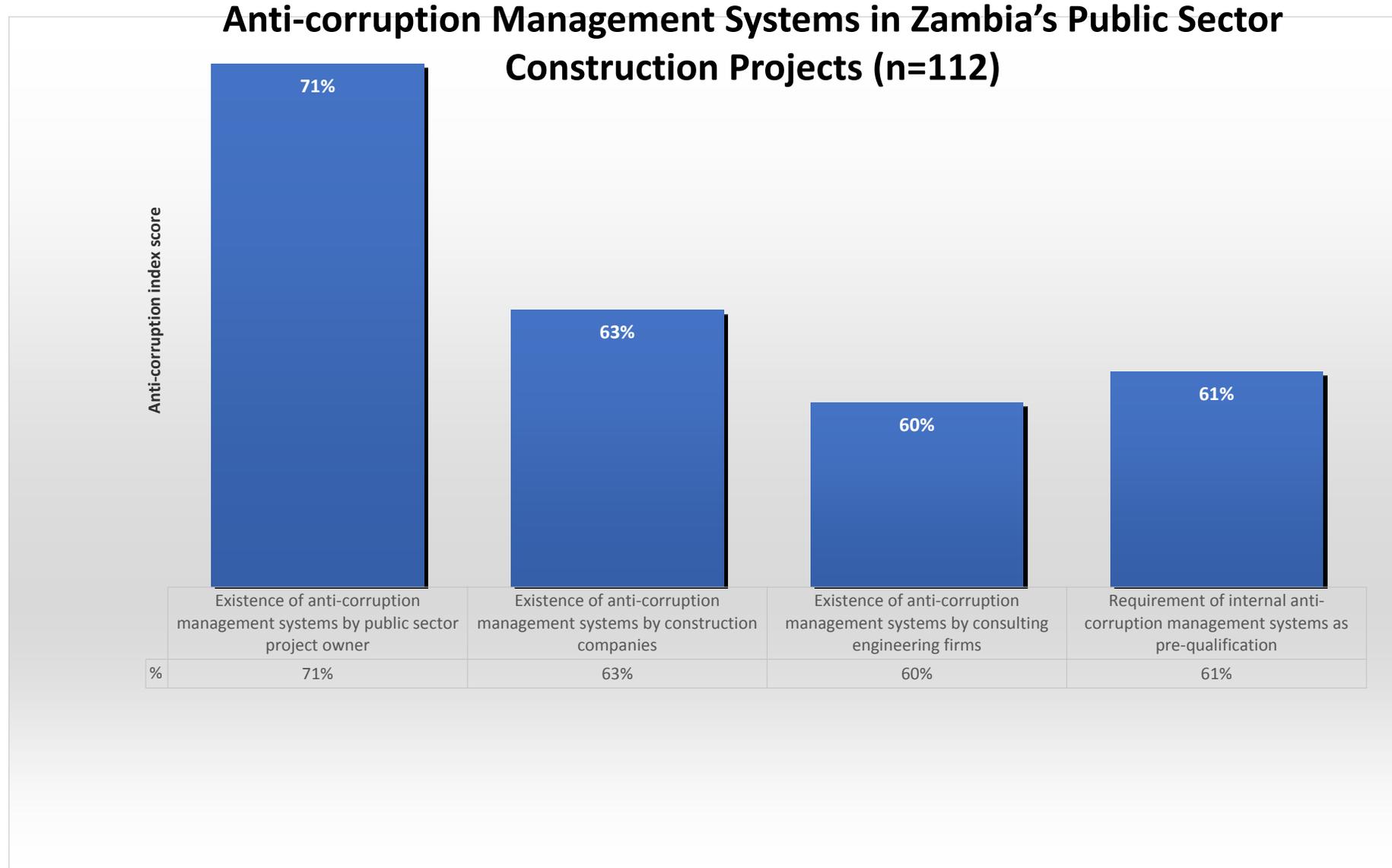
- 459 respondents to the Pilot survey conducted by WFEO in 2017 in Zimbabwe and Zambia
- Results showed widespread corruption
- WFEO made several recommendations on basis of survey
- In the Index Zambia performed better with a score of 67% compared to Zimbabwe with 53%.
- The most interesting findings lay in the respondent's actual experience of corruption, this to us was the starting point in recommending working policies, standards and regulations to ensure zero tolerance to corruption in the infrastructure sector and indeed to the other areas.

Findings- Zambia

Corruption perception in the **Zambian Construction Industry in general**



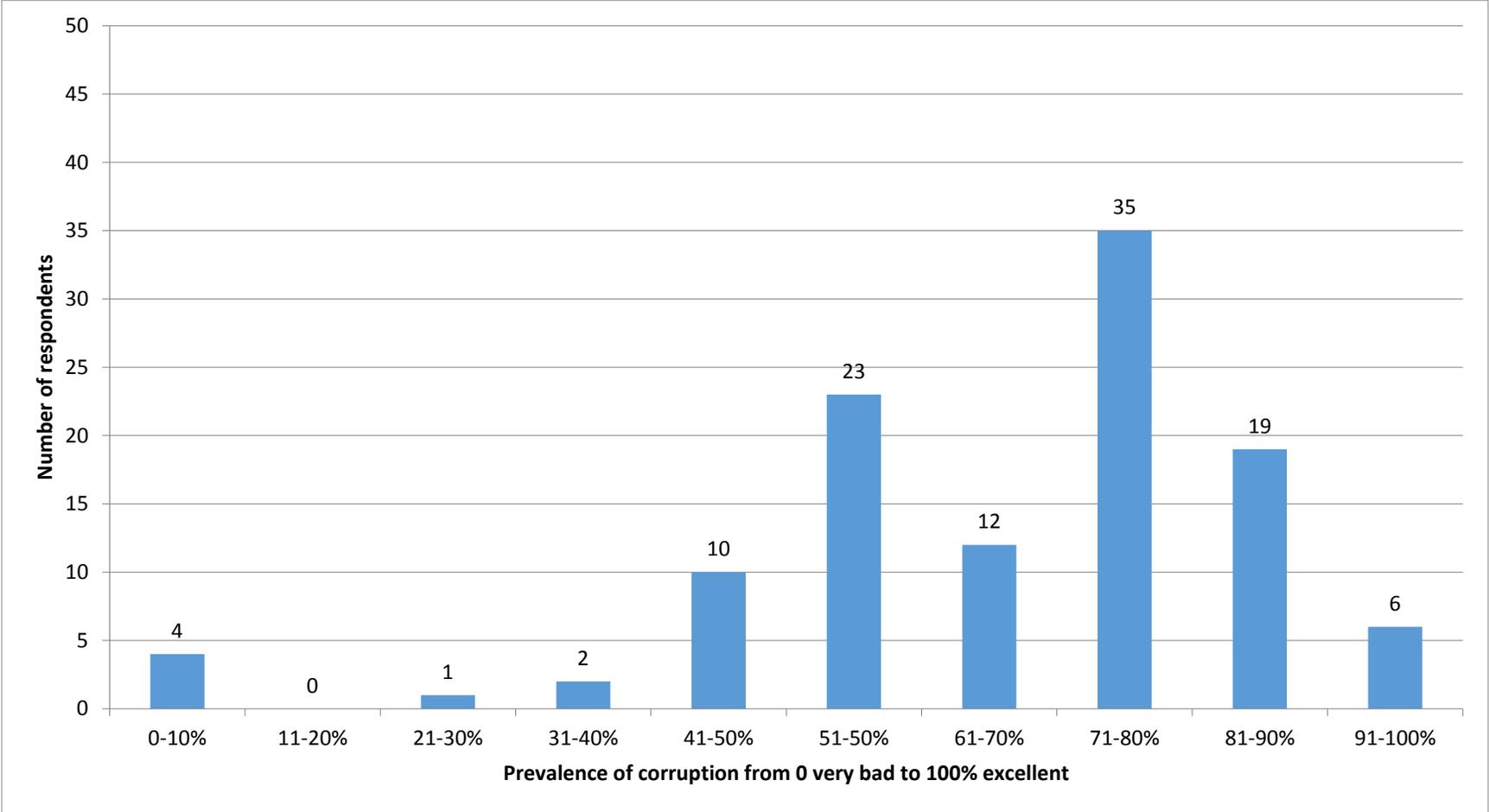
Findings- Zambia



Findings- Zambia

Corruption Index of Zambia's Construction Sector (n=112) –

Score = 67%

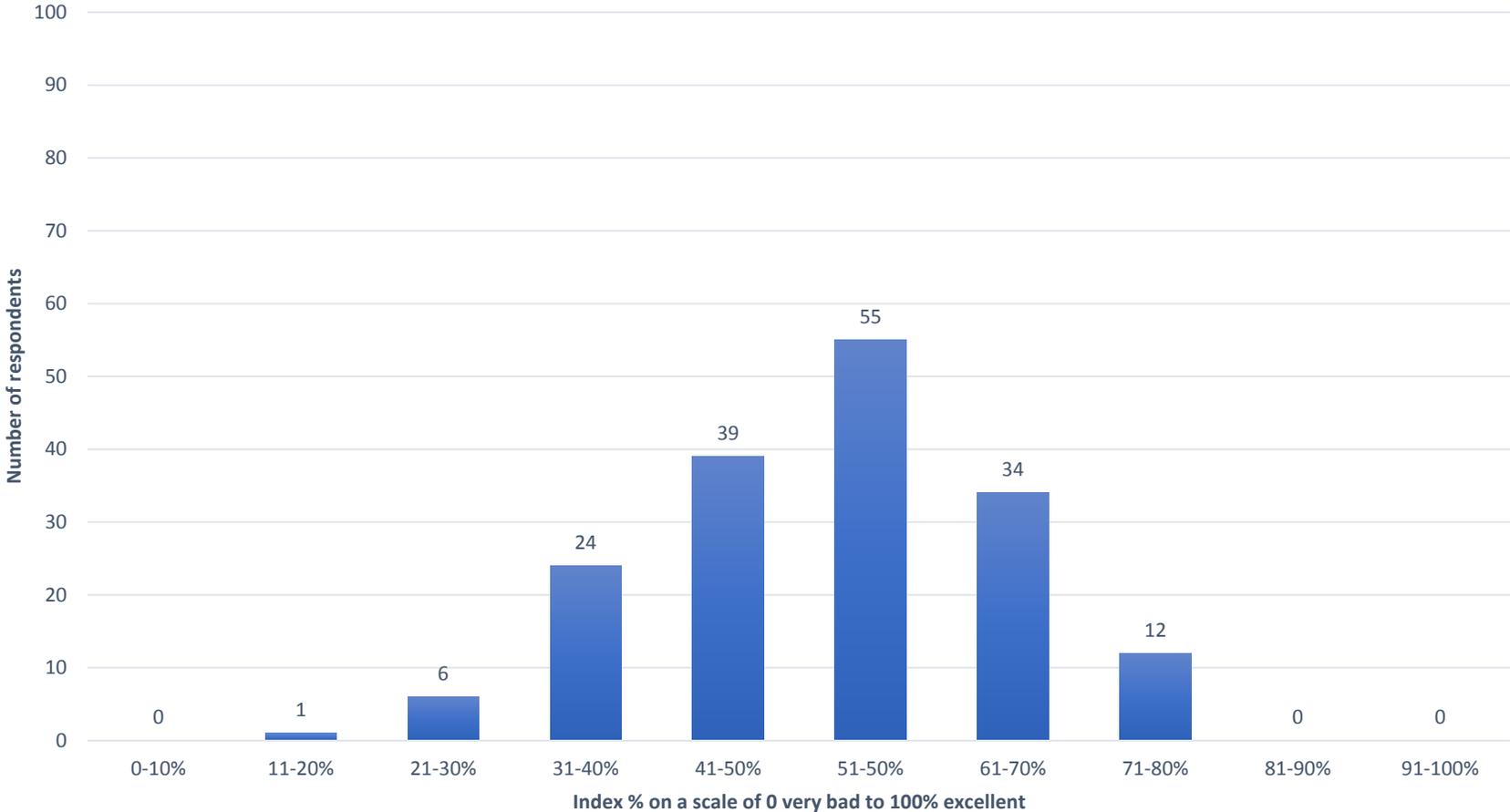


Minimum	Maximum	Median	Mean	Standard Deviation
0%	97%	73%	67%	20%

Findings- Zimbabwe

Corruption Index of Zimbabwe's Construction Sector (n=184)

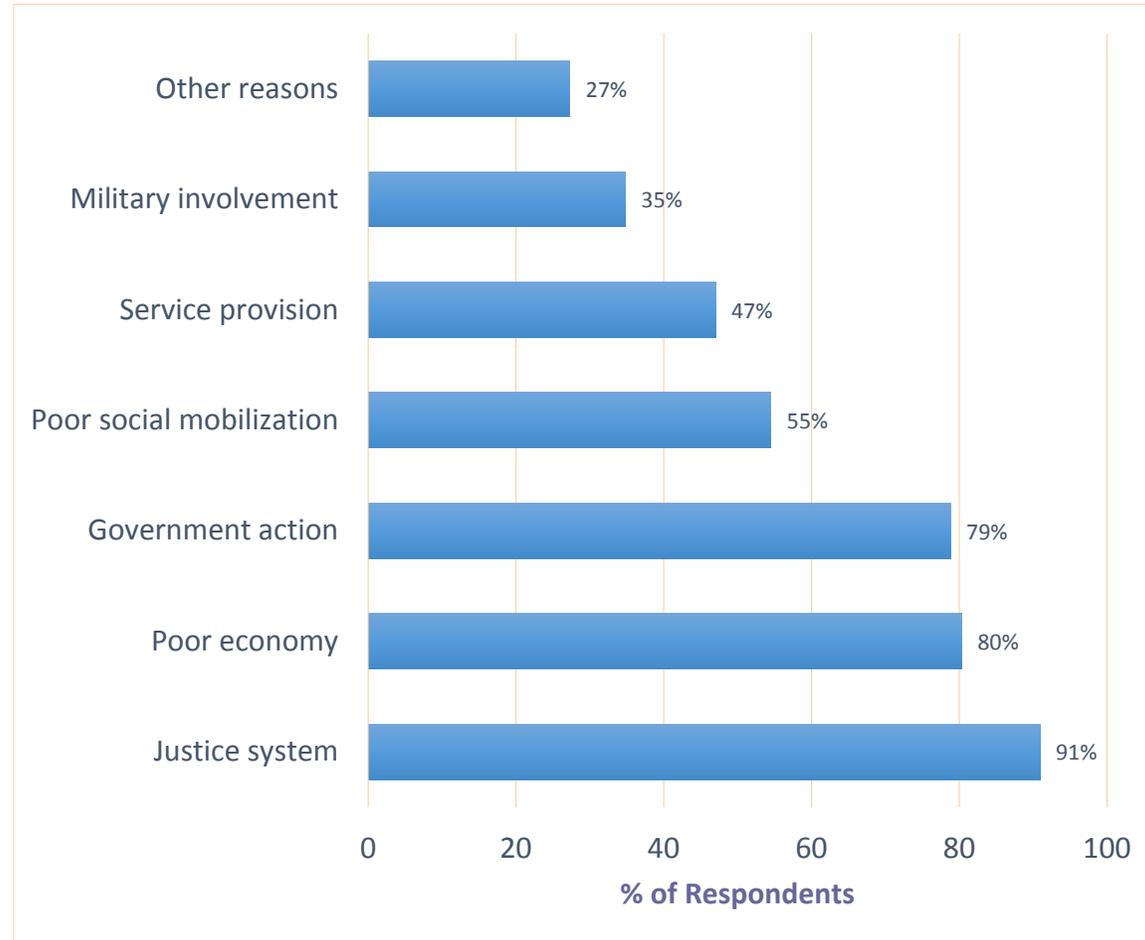
Average Score = 53%



Minimum	Maximum	Median	Mean	Standard Deviation
11%	79%	53%	53%	13%

Findings- Zimbabwe

Conditions that Lead to Corruption (n=68)



Some takeaways from the Study

- Corruption was generally regarded in both Zambia and Zimbabwe as the main source of leakage in business entities and that embedded cultural practices and a poor economic climate were the key drivers of corruption.
- It was also found that adverse influence on the selection, design, award and execution of public sector construction projects fuel corruption.
- In Zimbabwe, the level of corruption in the public sector was found to be very high and although ways and means of reducing corruption were identified there was general lack of political will to implement them.
- In Zambia lack of autonomy of anti-corruption institutions and political interference hamper their effectiveness in containing corruption in the construction sector.
- Overall, although the study does understandably reveal a very high level of corruption in both countries, it is encouraging to observe that the respondents had such a high level of awareness of corruption, and they collectively thought that it was wrong and damaging (whatever its size), and wanted more effective policies, standards and strategies put in place to prevent it.

The Study Recommended the following:

- A host of recommendations are proffered which included that Governments, Corporates and Financial Institutions should insist on dealing with organisations that are compliant to ISO 37001 (the anti-bribery management system standard) as it is the only standard that requires the genuine commitment of top management to reduce the corruption risk by curbing bribery using policies and systems that are robust and rigorous.
- The issue of openness, transparency and disclosure which is consistent with the main benchmarks in construction practice as factored in the Open Contracting Principles (OCPs) that are informed by, among other things, Public Procurement Best Practices (PPBP), Benchmarking Public Procurement (BPP) and e-Procurement were widely recommended by the respondents from both countries

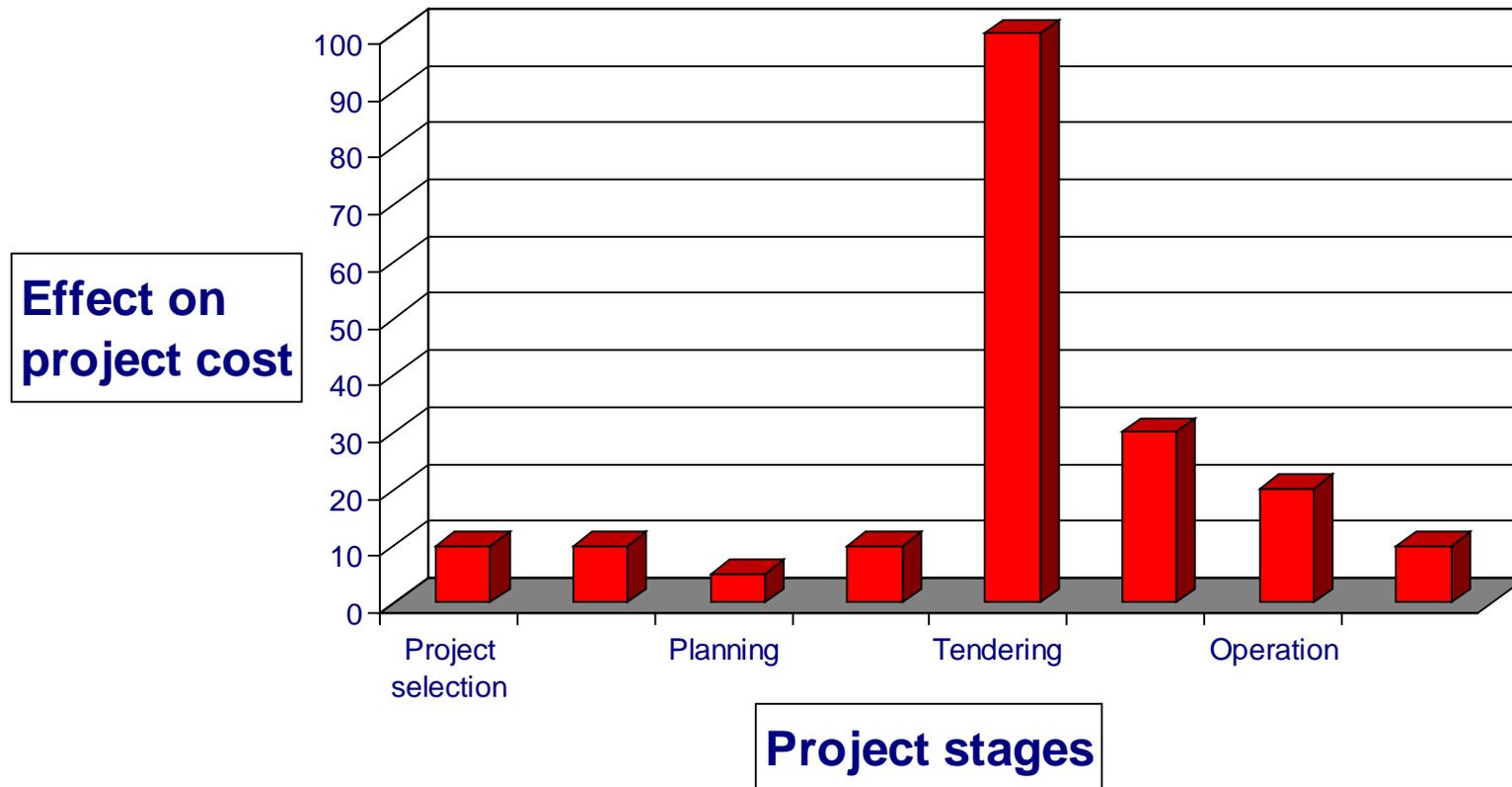
Nature and Extend of Corruption in Africa and the Developing World : Myths versus Reality.

- Corruption 'occurs in all nations, both developed and developing countries, in public and private sectors, as well as non-profit organizations'.
- The problem of corruption within or across nations is not a recent phenomenon, nor is it exclusively a Third World problem . (Ghazanafar and May, 2000).
- However, corruption exists both in developed and developing countries in different forms, degrees and has differing consequences.
- Furthermore, within those countries falling in the category of developing countries, ranging from the bigger, relatively well developed countries such as Indonesia to the smaller poorly developed countries such as Equatorial Guinea, we can observe differences in corruption practices pertaining to the unique economic, political, and social features of each country.

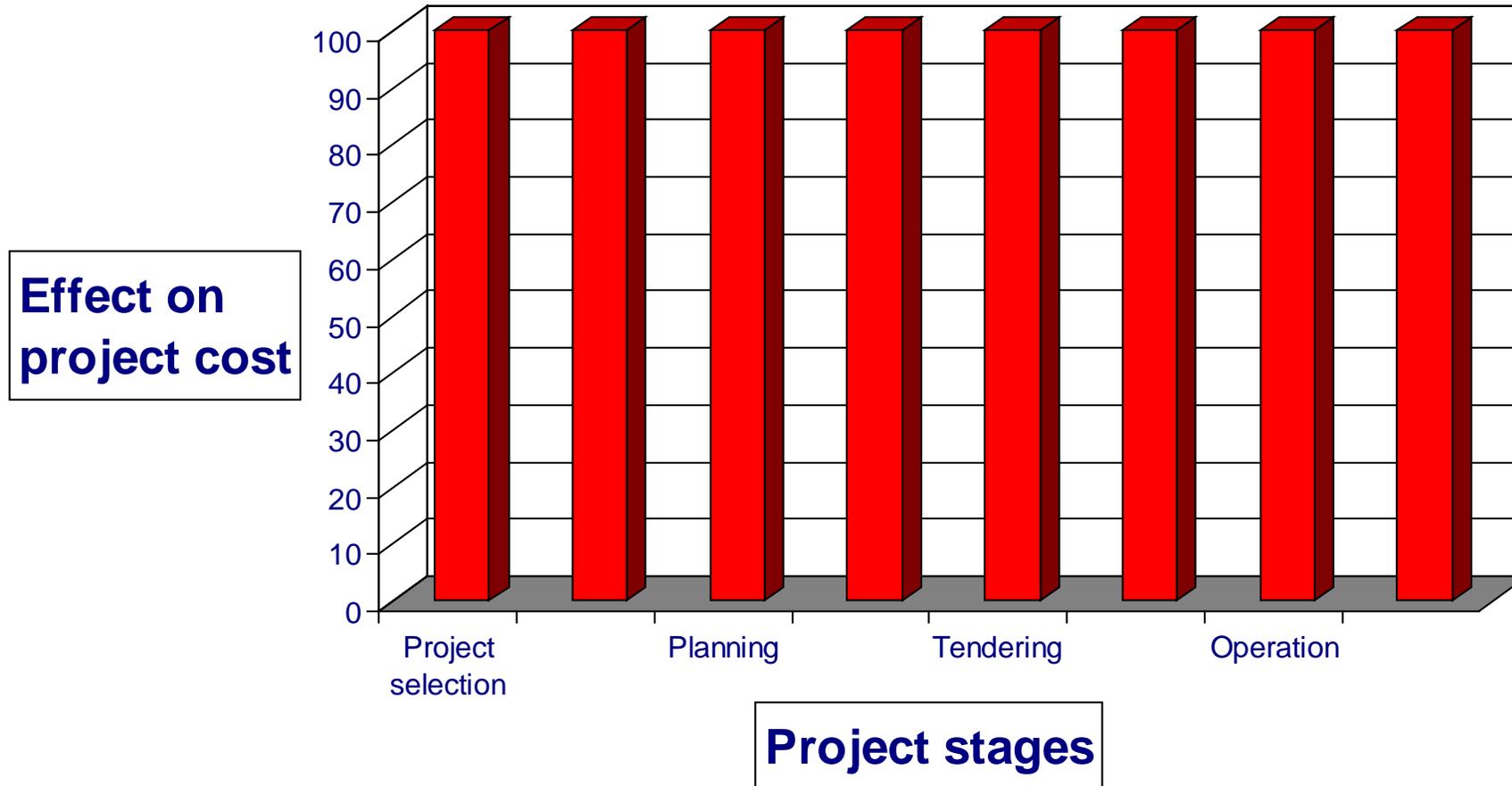
When does corruption occur?

- Common assumption: Significant corruption occurs only in the tendering phase of a project.
- Not correct.
- It should be assumed that: Significant corruption can occur in ***any phase*** of a project.

Assumed disk of corruption



Realrisk of corruption



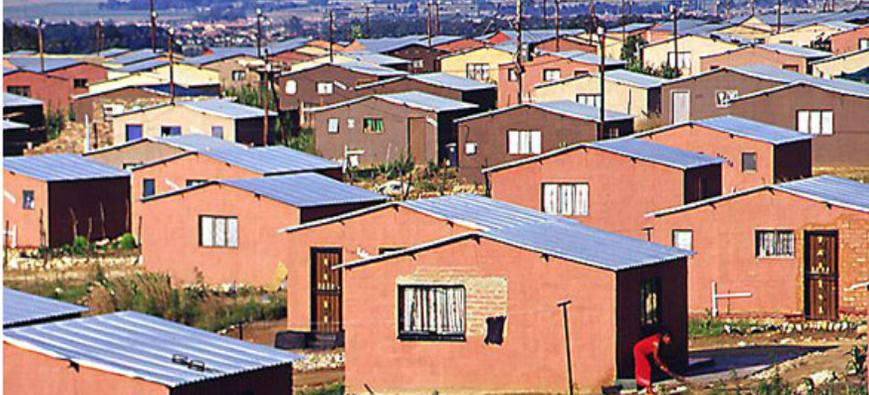
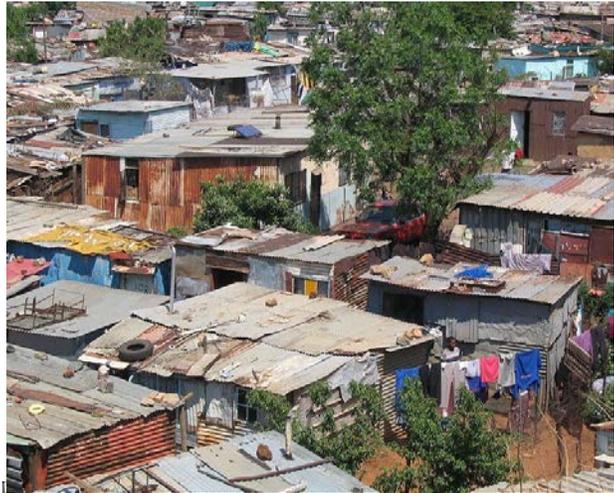
What are the most pressing corruption and fraud threats that governments are facing in delivering infrastructure projects?

Box 1: Thirteen features that makes infrastructure projects prone to corruption

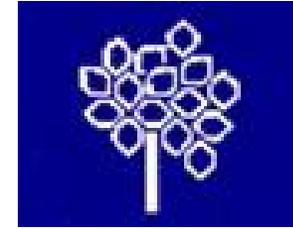
1. **Size of the project** – projects vary considerably in size. Large complex projects such as hydro-electric dams create ample opportunity to hide corrupt acts.
2. **Uniqueness of the project** – projects are often one-offs which makes it difficult to compare costs, which in turn makes it easier to inflate costs or hide corrupt actions
3. **Government involvement** – governments either own infrastructure or regulate its development. Where there are insufficient controls it can be relatively easy for officials to extract bribes.
4. **The number of contractual links** – these provide opportunities to offer a bribe for a contract award or for payment to be made.
5. **A high number of project phases makes oversight difficult.**
6. **Project complexity creates uncertainty in how to manage problems. This creates opportunities to submit unjustified claims or inflate claims for payment.**
7. **Projects come at irregular intervals, creating pressure to win new contracts.**
8. **Work is concealed** – many (physical) components in construction are concealed by other components. Lack of strong supervision creates the opportunity to conceal defective work or use cheaper components.
9. **A culture of secrecy** – there is no culture of transparency in the sector.
10. **Entrenched interests** – companies often have entrenched positions in the market place, often cemented by bribery.
11. **No single organisation governs the industry** – each of the many professions or trade have different codes of conduct and levels of enforcement of these codes.
12. **Cost of integrity** – corruption is an accepted norm with organisations unwilling to change the status quo as they risk losing out to less scrupulous competitors.
13. **Lack of due diligence by financing bodies on the participants of an infrastructure project allows corruption to continue.**

Source: Stansbury, N. (2005) Exposing the Foundations of Corruption in Construction, in Chapter 2: Corrupt Practice, Transparency International Global Corruption Report 2005.

Sustainable Infrastructure – meeting people’s needs



Sustainable Infrastructure – Best Interest of the General Public

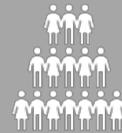


- **We have to stop engaging in corrupt practices.**
- **Do Right...!** *Sometimes you got to do right to be happy...*
- **Or at least say something against...greed, corruption & power**
- **Lest, the World will become ‘A Hill of Fools’**

Background to Changing Anti- Corruption Environment



Previously.....



20 years ago, corruption
was widely regarded as
being:

“normal”

“part of the
culture”

“an inevitable part
of business life”

“a necessary
economic oil”.



Business people from developed countries
which enforced anti-corruption rules
domestically believed that different rules
applied when working in developing
countries.



It was inconceivable that a UK director
would go to jail for a corrupt act committed
overseas, or that a UK company would be
convicted and fined for overseas corruption.

But now.....

- 20 years later, there are numerous examples in the UK, USA and internationally of corporate prosecutions or plea bargains, and jail sentences for individuals for corruption.
- What has changed, and why?
- What will this lead to?

The realisation that corruption was damaging

- Change probably started in the 1990s with the gradual realisation that corruption was damaging.
- Evidence emerged that:
 - Corruption kills. e.g. houses collapse in earthquakes and kill people.
 - Massive plunder was taking place of public funds.
- Economists who previously argued that corruption helped growth were silenced, and a consensus emerged that corruption retarded growth.

Counting the costs of corruption.



Corruption is one of the **greatest obstacles to the development of safe and adequate infrastructure.**



Project funds are diverted to corrupt officials, funders, contractors, consultants, suppliers and agents.



Human cost = Stealing of public money

Fewer good roads, schools and hospitals

Poor safety & environmental procedures

People die due to lack of food and healthcare, and dangerous infrastructure.



Economic cost



World Bank & EU estimate of the cost of corruption (bribery and fraud) generally: 5% of the world's gross product = US\$1.5 trillion p.a.



Conservative estimate of cost of corruption in the international construction sector: 5% of the global construction sector = US\$200 billion



National Development is affected by levels of development



Project implementation is compromised by corruption

Moves toward change

- **With the growing realisation that corruption was damaging, demands for change emerged.**
- **In the 1990s, several organisations led change. For example:**
 - **Transparency International established.**
 - **The Organisation for Economic Co-operation and Development (OECD) established anti-bribery working group.**
 - **The USA began to advocate that other countries adopt similar legislation to Foreign Corrupt Practices Act 1977**
- **Realisation grew that nothing would change unless there was international consensus. Calls emerged for international anti-corruption treaties to be signed.**

International treaties

- Many international and regional treaties have been signed during the last 15 years requiring member states to implement anti-corruption laws and procedures. For example:
 - **The United Nations Convention against Corruption (2003)**
 - **The OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1999)**
 - **The African Union Convention on Preventing and Combating Corruption (2003)**
 - **The Inter-American Convention against Corruption (1996)**
 - **The Council of Europe Criminal Law Convention on Corruption (2002)**

The purpose of the treaties

- **Treaties require signatory countries to increase their anti-corruption efforts by:**
 - improving their laws to criminalise corrupt acts
 - increasing resources allocated to investigating and prosecuting corruption, and
 - improving co-operation and exchange of information between countries.
- **The two treaties which have probably had the most impact are:**
 - The United Nations Convention against Corruption
 - The OECD Convention.

Laws

- Most countries have changed their laws in accordance with treaty requirements. Bribery and other corruption offences are therefore crimes worldwide.
- All OECD countries have now made it a crime for their nationals and organisations to bribe overseas. As a result, a person or organisation may be liable for corruption both:
 - In the country where the corrupt activity took place; and
 - In person or organisation's home country.
- The US Foreign Corrupt Practice Act 1977 and UK Bribery Act 2011 have had a significant impact.

Donor requirements

- Donors (World Bank, AfDB, ADB, IADB, EBRD, EU etc.) and Export Credit Agencies (ECGD, USAid etc.) have tightened up on anti-corruption requirements.
- Most of them debar companies and individuals which have committed corruption.

Prosecution (1)

Prosecution agencies worldwide are now starting to investigate and prosecute companies and individuals for corruption. The US is particularly active. The UK is becoming active. There have been many recent major cases in the infrastructure sector.

- **Siemens:**

- Siemens has settled with German and US prosecutors for fines of \$1.6bn. Some Siemens executives imprisoned in Germany.

- **Alstom:**

- Swiss subsidiary of French engineering company Alstom fined \$42m by Swiss authorities in 2011 in relation to bribery in relation to securing power station contracts in 15 countries.

TSKJ joint venture - Bonny Island - Nigeria:

- US Department of Justice fines for bribe payments to secure liquified natural gas contract:
 - Halliburton (Kellogg Brown and Root) (USA): \$579m (2009)
 - Technip (France): \$338m (2010)
 - Snamprogetti (ENI/Saipem) (Italy): \$365m (2010)
 - JGC (Japan): \$218m (2011)
 - Marubeni (Japan): \$54m (2012)
- Individuals imprisoned:
 - KBR CEO
 - TSKJV agent.

Prosecution (3)

- **Balfour Beatty:**

- SFO in 2008 obtained a Civil Recovery Order of £2m against Balfour Beatty in relation to payment irregularities during the construction of the Bibliotheca Project in Alexandrina, Egypt.

- **AMEC:**

- SFO in 2009 obtained a Civil Recovery Order of £5m against AMEC in relation to the receipt of irregular payments from a project in which AMEC was a shareholder.

- **Mabey Bridge**

- Mabey Bridge convicted and fined £3.5m for corruption. Managing director and sales director imprisoned.

Anti-corruption management systems

- It is not sufficient merely to have good laws and prosecution. Corruption prevention is increasingly seen as a vital management issue.
- Good management in government, in companies and on projects can materially reduce corruption.
- Corruption prevention should be treated in a similar manner to quality and safety management.

Implementation of management systems

- Significant number of businesses internationally have responded to the changing legal and ethical environment by implementing anti-corruption management systems within their organisations.
 - Partly because it is the right thing to do.
 - Partly to ensure that the organisation and its employees do not fall foul of anti-corruption laws.
- Not good enough for a business to implement controls only within its own organisation. Ethical businesses also need to ensure that their partners and supply chain adopt anti-corruption programmes.

The problems-Corruption Challenge!



Despite these considerable positive developments, there are still major corruption problems in many countries.



But laws oblige organisations and their employees to take adequate measures to avoid this corruption.



Avoiding corruption is both the right thing to do and a legal necessity.



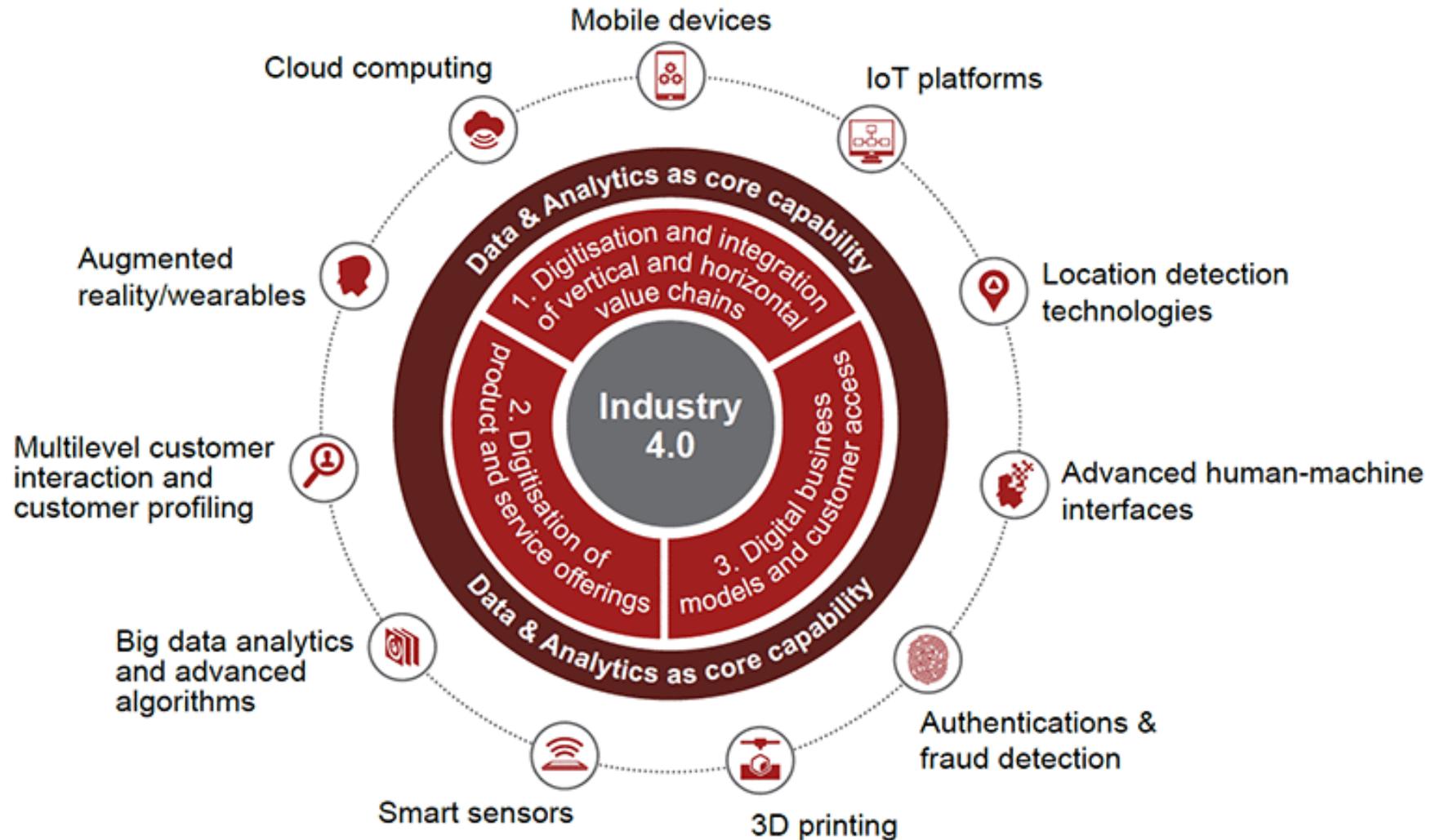
Failure to do so can result in prosecution and fines for organisations, and imprisonment for employees.

Industry 4.0—Where Are We?



3

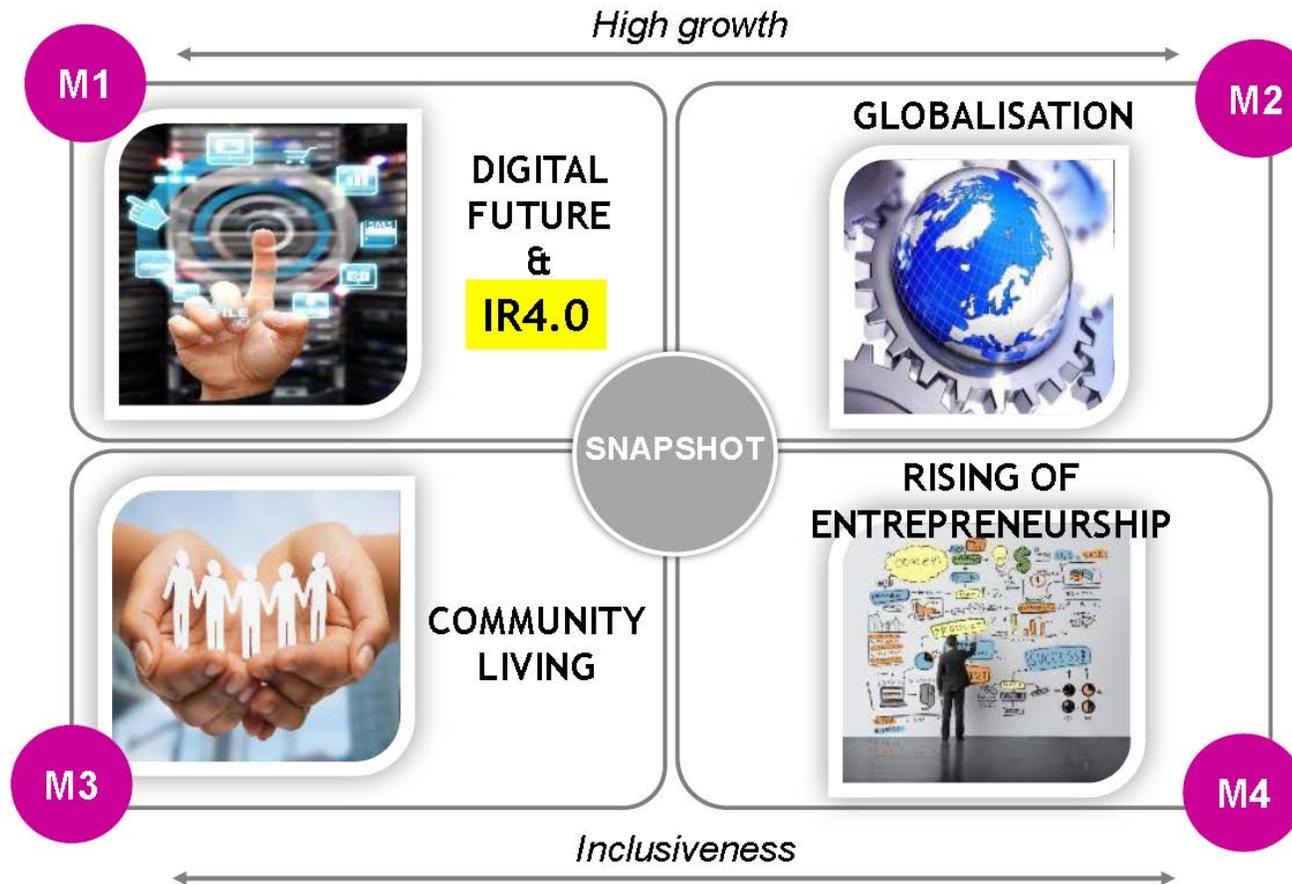
Industry 4.0–The Drivers of the Revolution



Source: PWC, 2017

Motivation of Paradigm Shift in Infrastructure Development

IR 4.0 is the main motivation leading to the paradigm shift in the way manage infrastructure development

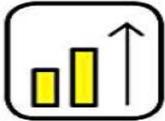


Top 10 Strategic Technology Trends for 2018

Intelligent



AI Foundations



Intelligent Apps and Analytics



Intelligent Things

Digital



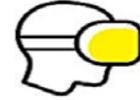
Digital Twins



Cloud to the Edge

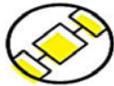


Conversational Platform

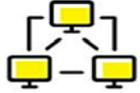


Immersive Experience

Mesh



Blockchain



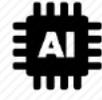
Event-Driven



Continuous Adaptive Risk and Trust

gartner.com/SmarterWithGartner

Some Tipping Points of Technological Shifts expected to occur by 2025 and their impact on Engineering Construction Delivery and Corruption

 10% of people wearing clothes connected to the internet	 The 1st robotic pharmacist in the US
 90% of people having unlimited and free storage	 5% of consumer products printed in 3D
 1 trillion sensors connected to the internet	 90% of population with regular access to the internet
 10% of reading glasses connected to the internet	 Driverless cars equaling 10% of all cars on US roads
 80% of people with a digital presence on the internet	 The 1st transplant of 3D-printed liver
 The 1st 3D-printed car in production	 30% of corporate audits performed by AI
 The 1st Government to replace its census with big-data sources	 Tax collected for the 1st time by a Government via blockchain

A framework & scope for Analyzing Corruption in Construction Projects.

■ A stakeholder analysis of preventive measures should be applied to yield better results.

- These strategies reflect the view that much of the problem can be addressed by focusing on deterrence and prevention in key areas.
- This should be done by all stakeholders who include:
 1. **Multilateral and bilateral donors**
 2. **Export credit agencies (ECAs) and commercial banks**
 3. **National governments**
 4. **Civil society, media and NGOs**
 5. **Private sector companies**
 6. **Inter-governmental systems and international legal systems**

Strategies to Combat Corruption

- Consequently, tackling corruption in the Construction sector requires the elaboration of a comprehensive strategy that involves efforts from all stakeholders, including public sector, private companies and consumers.
- Such a strategy should aim at promoting and consolidating the rule of law.
- Measures must of course be tailored to fit the Particular context of a country's governance and legal system and efforts can only be effective if they reflect a country's own priorities.
- An example is since the UK Bribery Act came into force in 2011, anyone involved in accepting, offering, giving or receiving bribes for a UK company, or public sector body faces a possible **10-year prison sentence** and a **potentially unlimited fine** for the organisation. Prosecuted organisations could also be **banned from bidding for public sector contracts**.

Strategies to Combat Corruption

■ **The stakeholders must all play their part if the battle against corruption is to succeed.**

1. Multilateral and bilateral donors

- **Governance Improvement Plans (GIPs) should be a routine part of donor projects (e.g. all project lending should require corruption risk assessments and governance improvement plans with independent monitoring).**
- **A skilled assessor, or team of assessors, given appropriate access to documents and individuals for the duration of the project, could play a material role in preventing and uncovering corruption.**
- **Key project participants should commit to a strict anti-corruption policy.**
- **This reinforces the notion that long-term mechanisms to fight corruption must be an integral part of sustainable infrastructure development similar to safeguard policies for environment and social management aspects.**

Strategies to Combat Corruption

2. Export credit agencies (ECAs) and commercial banks

- Anti-corruption measures on financing should be harmonized by ECAs and incorporated in the Equator Principles.
- This requires adopting and applying anti-corruption and bribery measures, disclosure policies and standards.
- This reflects an important message from industry and finance institutions that corruption is not only bad for business, it distorts trade, and increases risks and costs for all extending financing for public sector projects.

Strategies to Combat Corruption

3. National governments

- **Anti-corruption tools should be adopted in national / sectoral governance systems dealing with projects.**
- **On the public sector's side, enhancing or promoting the culture of transparency and accountability as well as promoting effective regulation are crucial.**
- **This requires adapting tools appropriate to fight corruption in national systems of governance with related capacity building support from the donor community.**
 - **National Integrity Pacts (NIPs) for overall regulatory systems;**
 - **Project Integrity Pacts (PIPs) for the implementers and government agencies, and;**
 - **Business Integrity Pacts (BIPs) for project companies and corporations.**
 - **Among other measures, public companies and enterprises may be required to publish salaries and representation limits of staff members, or require senior staff to make an annual declaration of assets.**
 - **At the project level, adopting tools like the Compliance Plans.**

Strategies to Combat Corruption

4. *Civil society, media and NGOs*

- Civil society and NGO involvement in governance reform around projects should be strengthened, especially independent monitoring, social accountability and compliance activities.
- Civil society can play a role in providing transparency and enabling local people most vulnerable to the effects of corruption to have a voice in anti-corruption measures on projects that impact them.
- An effective communications strategy on infrastructure projects can ensure that beneficiaries have the information they need to monitor the delivery of project benefits and hold providers accountable.
- Consumers' active participation in programs designed to increase accountability of service providers should be promoted by for example enhancing the advocacy capacity of consumer associations.

Other Strategies to Combat Corruption

5. *Private sector companies*

- Private sector companies involved in project development and equipment supply should adopt transparent mechanisms to promote integrity in business transactions.
- Project companies developing or managing assets and companies supplying equipment or services should meet recognized good practice standards for corporate governance and have explicit internal anti-corruption policies.
- Companies should apply monitorable codes of ethics across the company, from executive levels to the shop floor.
- Industry associations can provide anti-corruption guidelines, either on an international or a regional basis in order to reach members not directly involved in donor or ECA financing.
- On the private sector's side, corporate governance and transparent practices need to be reinforced.

Strategies to Combat Corruption

6. Inter-governmental systems and international legal systems

- Existing UN and OECD Conventions to combat North–South Corruption should be enforced and measures should be introduced to target high corruption-risk infrastructure sectors.
- The critical factor will be to demonstrate in clear and convincing terms the many adverse impacts that corruption in construction projects has on national development strategies.

Strategies to Combat Corruption

- **Effective anti-corruption strategy as proposed by stakeholders including the World Bank, Transparency International and professional Institutions (e.g. of Engineers, Architects etc.).**
 - i. Increasing Political Accountability**
 - ii. Strengthening Civil Society Participation**
 - iii. Creating a Competitive Private Sector**
 - iv. Institutional Restraints on Power**
 - v. Improving Public Sector Management**
- **To reduce the corrosive impact of corruption in a sustainable way, it is important to go beyond the symptoms to tackle the causes of corruption.**

Stakeholder Responsibility as a Solution

■ Construction companies stakeholder responsibility that requires that companies be committed to the curtailment of corruption by considering:

- **Basic Value Proposition**

- How do we make our stakeholders better off?
- What do we stand for?

- **Sustained stakeholder cooperation**

- What are the principles or values on which we base our everyday engagement with stakeholders?

- **An understanding of broader societal issues**

- Do we understand how our basic value proposition and principles fit or contradict key trends and opinions in society?

- **Ethical leadership**

- What are the values and principles that inform my leadership?
- What is my sense of purpose? What do I stand for as a leader?

Recommendations of Actions to combat corruption.

Numerous initiatives, focusing largely on legal frameworks, have been undertaken in recent years to deal with governance and corruption issues:

- **Peer review process like NEPAD. (May rubber stamp decisions).**
- **adoption of anticorruption laws and international best practices (better if done uniformly or by regions e.g SADC, COMESA, ECOWAS, EAC).**
- **establishment of Councils on Good Governance to advise on anticorruption policy.**
- **legal reforms to improve the business environment.**
- **establishment of anticorruption commissions.**

Recommendations of Actions to combat corruption.

- civil service law to promote a professional civil service with merit-based appointments (unabated brain drain to developed world makes the developing countries vulnerable).
- a law on the declaration of income and assets of high state officials (leadership code to declare assets).
- reforms to make public finances more transparent.

Recommendations and Actions to combat corruption.

- Professional Engineering Associations should come up with impeccable code of ethics, and rules of conduct for its members. These are the biggest players in construction. They represent all the stakeholders in one capacity or the other. If Engineers are ethical there will be a significant reduction in corrupt practices.
- Implementation of international codes and best practices for all stakeholders involved in anti-corruption will go a long way in reducing corruption in the developing world.

Recommendations and Actions to combat corruption.

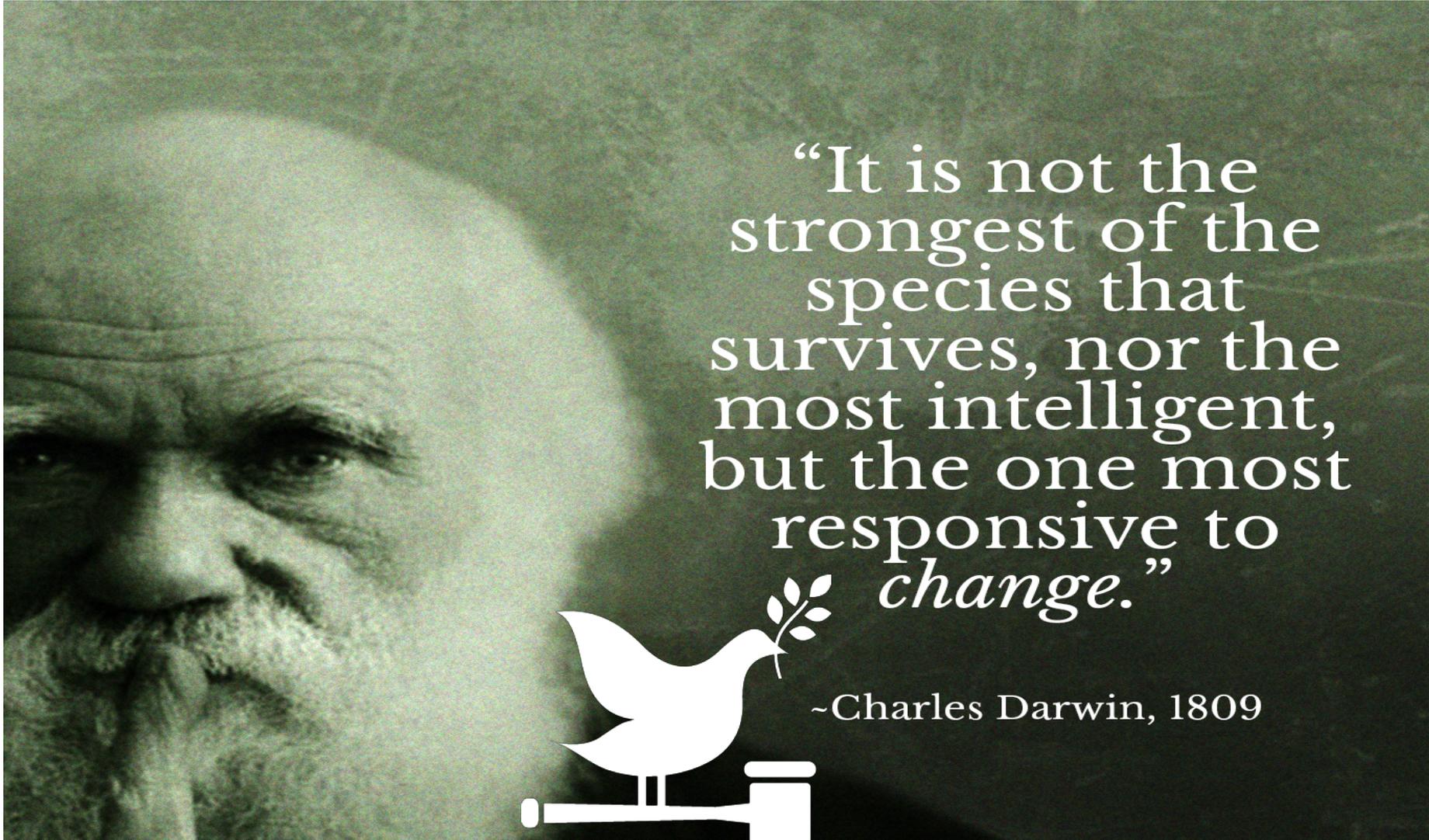
- **Implementation of capacity building, and upgrading of managerial skills will improve the calibre of public officials.**
- **Practical enforcement and implementation of above actions are slow, and in practice, these actions have not yet had significant impact.**
 - For example, there have been no prosecutions under the anticorruption law, and the councils on good governance have had unclear and overlapping mandates.
 - Action plans and anticorruption strategies have consisted mainly of lists of proposals to change the legal framework and carry out public information campaigns.
 - The laws to improve the business environment have not been implemented, and the regime of multiple inspections of business activity remains essentially unchanged.

Conclusion

- In order to optimise infrastructure funding, you need to ensure that good management practices are applied from start to finish throughout the project cycle. In project selection, design, funding, tendering, and project management.
- There must be good systems and controls in place at the client (public sector or private sector), contractor, funder and major consultants and sub-contractors.
- These management systems are those which are now incorporated into the new British Standard BS 10500, and which will soon, hopefully, be incorporated into the new ISO Standard as soon as consensus is achieved.

Conclusion

- Infrastructure sectors are particularly exposed to corrupt practices since they involve monopolies or quasi monopolies of critical public services, huge construction works and opportunities for concessions or privatisations; all of them possible sources of huge profits.
- Corruption has been identified as one of the greatest obstacles to countries' development since it distorts public expenditures, undermines institutions and deters further investments.
- Anti-corruption policies must be improved in order to increase the effectiveness of development programs aimed at reducing poverty.



“It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to *change.*”

~Charles Darwin, 1809

THANK YOU FOR YOUR ATTENTION