

# **The establishment of Anti-Corruption Forums in the infrastructure sector**

This document is designed to assist in the establishment of a national Anti-Corruption Forum in the infrastructure sector. It works on the assumption that a private sector forum is being formed. The principles could be easily adapted for a forum which contains both private sector and public sector members. It contains the following sections:

- Section 1: The rationale for the establishment of Anti-Corruption Forums in the infrastructure sector.
- Section 2: Suggested steps for the establishment and operation of a national infrastructure Anti-Corruption Forum.
- Section 3: Possible issues to be addressed by the national infrastructure Anti-Corruption Forum.

## **Section 1: The rationale for the establishment of Anti-Corruption Forums in the infrastructure sector**

### **Corruption in the infrastructure sector**

- 1.1 Corruption in the infrastructure sector (which includes bribery and fraud) is damaging to the national economy, to ordinary citizens, and to participants in the infrastructure sector who do not wish to work in a corrupt environment. In particular:
- a) Aid and national budgets are wasted on projects that have little or no community benefit.
  - b) Planning permission is refused or given for corrupt reasons.
  - c) Corruption occurs during both procurement and execution of projects, resulting in over-priced, delayed, defective, unsafe and environmentally damaging projects.
  - d) Companies which refuse to pay bribes can be denied contract awards, certificates, payments and permits.
  - e) Individuals in the industry may be placed in personal danger or be put under pressure to undertake corrupt acts on behalf of their employer.
  - f) Corruption can result in both civil and criminal liability, and reputational damage, for both the individuals and organisations involved.

### **Co-ordinated action is needed to fight corruption**

- 1.2 Anti-corruption mechanisms can be effective only if all participants in the infrastructure sector take effective and co-ordinated action. These participants include governments, project owners, multi-lateral and commercial banks, export credit agencies, companies providing the equipment, materials and services for a project, and business and professional associations.

### **Co-ordinated action by way of anti-corruption forums**

- 1.3 Many businesses and individuals working in the infrastructure sector believe strongly that corruption must be eliminated from the sector, both for ethical and commercial reasons, and to ensure that they can operate in a fair business environment.
- 1.4 Eliminating corruption can be materially assisted by the creation and development of infrastructure anti-corruption forums at both national and international level. These forums could be private sector anti-

corruption alliances between the infrastructure industry (represented by business and professional associations, construction and engineering companies, and consulting engineering firms) and civil society (represented by civil society organisations with interest in the infrastructure sector). The private sector forums would agree and promote anti-corruption actions in the infrastructure sector, and would liaise as necessary with banks, public sector project owners, government and other national bodies. Alternatively, the forums could include both private sector and public sector organisations.

- 1.5 An infrastructure anti-corruption forum was successfully established in the UK in 2004. The Forum is an alliance of UK business associations, professional institutions, organisations and companies with interests in the domestic and international infrastructure, construction and engineering sectors. It was established in October 2004. Its members represent over 1,000 UK companies and over 300,000 industry professionals. For information on the Forum and its activities, see [www.anticorruptionforum.co.uk](http://www.anticorruptionforum.co.uk)

### **Features of anti-corruption forums**

- 1.6 The features of a national forum could be as follows:
- a) It would primarily be a private sector initiative.
  - b) It would be locally formed and locally led.
  - c) All members would have some particular connection with or interest in the infrastructure industry.
  - d) It would be an alliance between industry and civil society interests.
  - e) It would be an equal partnership, and would not be identified as the creation of any one particular group.
  - f) It would work independently of government (although some of its work may involve working with government).

### **Objectives of anti-corruption forums**

- 1.7 The national forum could have some or all of the following objectives:
- a) Raising awareness of corruption in the infrastructure sector.
  - b) Developing an anti-corruption action statement setting out its plans for combating corruption.
  - c) Developing and/or promoting anti-corruption reports and tools.
  - d) Lobbying business and professional associations, companies, banks, export credit agencies and governments, with a view to implementing effective anti-corruption actions.
  - e) Communicating with equivalent forums in other countries so as to develop consistent anti-corruption mechanisms, combine actions and share ideas.
  - f) Communicating with the global forum so as to influence its policy at international level.

### **Value of anti-corruption forums**

- 1.8 The value of a national forum would be that:
- a) It would provide the necessary will, focus and expertise for addressing the specific problems of corruption in the infrastructure sector.
  - b) As an alliance which includes business and professional associations in the infrastructure sector, it would have influence in lobbying government and industry interests.
  - c) In liaising with equivalent forums in other countries and with a global forum, it would contribute to and participate in the international effort to combat corruption in the infrastructure sector.

## **Ultimate aim**

- 1.9 The ultimate aim would be for national infrastructure anti-corruption forums in different countries to work together to exchange information, learn from each other, and thereby develop an international and united approach to tackling corruption in the infrastructure sector.

## **Section 2: Suggested steps for the establishment and operation of a national infrastructure Anti-Corruption Forum**

- 2.1 **Identify potential members of the forum:** Identify some of the major associations and companies in the infrastructure sector who might be interested in the forum concept.
- 2.2 **Approach potential members:** Approach those organisations identified under paragraph 2.1 above in order to suggest the establishment of a forum.
- 2.3 **Establish an interested group:** Establish a core of interested associations and companies.
- 2.4 **Hold an initial workshop:** A workshop could be arranged in order to raise awareness of the proposed forum.
- a) Invitees to the workshop could include:
    - i) domestic infrastructure associations and companies;
    - ii) individual practitioners in the infrastructure industry.
  - b) Possible venue: One of the core groups interested in establishing the forum may volunteer its offices as a possible venue for the workshop.
  - c) Purpose of the workshop could be to:
    - i) identify some of the critical issues relating to corruption in the infrastructure sector in the country;
    - ii) Consider opinion as to whether the forum concept could be useful in addressing those issues;
    - iii) recruit more potential members for the forum.
- 2.5 **Prepare and circulate a workshop report:** A confidential workshop report could be prepared and circulated to all attendees containing:
- a) A list of all attendees at the workshop (subject to confidentiality concerns).
  - b) A summary of the opinions voiced at the workshop as to:
    - i) the main problems of corruption in the country;
    - ii) whether the forum concept would help in tackling those problems.
  - c) A list of all those persons who had expressed an interest in joining the forum.
- 2.6 **Establish a forum:** Assuming that there is a sufficient core of interested and committed organisations and individual practitioners, a forum could be set up.
- 2.7 **Characteristics of the forum:** The Forum could have the following characteristics and these could be confirmed in a letter circulated to all members:
- a) It would be primarily a private sector initiative.
  - b) It need not be a legal entity (depending on the laws of the particular country) but could simply be an alliance between members.
  - c) Its members would comprise business and professional associations, the companies providing the equipment, work and services, and civil society.
  - d) It would not be branded as the creation of any particular organisation. It would be an equal partnership between all participating members.

- e) It would work independently of government (although its work may at times involve working with government).
- f) The objectives of the forum would be determined by the forum according to its perception of the needs of the national infrastructure sector.
- g) All major decisions would be taken by unanimous consent.
- h) Specific matters would be delegated to working groups.
- i) There would be a co-ordinator of the forum responsible for organising meetings and setting agendas (in consultation with other members).
- j) There would be a rotating chairman whose function would be to chair forum meetings on a rotating basis.
- k) The identity of those members who do not wish their membership of the forum to be widely known would be kept strictly confidential.

2.8 **Inaugural meeting of the Forum:** An inaugural meeting of the Forum would be held for the purposes of:

- a) Appointment of a Forum co-ordinator: The co-ordinator would be responsible for organising meetings and setting agendas and co-ordinating other activities, such as agreement of actions statements and press releases (see below);
- b) Appointment of initial Forum working-groups: These working-groups would be responsible for developing and promoting forum policy in specified areas.

2.9 **Agreement and Publication of a Forum Action Statement:** A Forum Action Statement setting out the Forum's view on necessary anti-corruption actions could be agreed between all members, and published. (See [Anti-Corruption Action Statement](#) of the [UK Anti-Corruption Forum](#) as an example).

2.10 **Issue of a Forum Press Release:** The Forum could issue a Press Release to accompany the publication of the Forum Action Statement.

2.11 **Publication of a Newsletter:** The Forum could arrange for publication of a Newsletter. (See the [Newsletters](#) of the [UK Anti-Corruption Forum](#) as an example).

2.12 **Setting-up of a Forum Website:** A Forum website could be set up which would show membership (subject to confidentiality concerns), the Forum's objectives, and relevant documentation and links. (See the web-site of the [UK Anti-Corruption Forum](#) as an example).

2.13 **Regular Forum meetings:** Regular meetings, possibly on a quarterly basis, could be held by the Forum to which all members would be invited and for which specific agendas would be set.

2.14 **Meetings with government and other organisations:** The Forum could hold meetings with government and other organisations to agree and promote necessary anti-corruption actions.

2.15 **Lobbying of various stakeholders:** The Forum (or its working-groups) could lobby the following stakeholders in order to address particular corruption problems:

- a) Members of the government;
- b) Donors/MDBs;
- c) Lenders;
- d) Project owners;
- e) Contractors;
- f) Consultants;
- g) Other national forums;
- h) The global forum.

2.16 **Training workshops:** The Forum could organise training workshops for industry practitioners to update them about international anti-corruption developments, the laws and risks of corruption, and anti-corruption mechanisms.

- 2.17 **Regional workshops:** The Forum could co-operate with other countries' Forums to hold regional workshops.
- 2.18 **Liaison with other national Forums:** The Forum could liaise on a regular basis with other national infrastructure anti-corruption forums in order to co-ordinate anti-corruption activities and obtain or provide advice and support.

### **Section 3: Possible issues to be addressed by the national infrastructure Anti-Corruption Forum**

3. The national Forum would agree on the critical issues which it needed to address. The following are some possible issues.

3.1 **Extortion:** This is a major problem for both domestic and international contractors and consultants and their staff. It ranges from the relatively trivial to the significant and can include:

- police at road blocks;
- government officials in issuing visas, customs permits etc.;
- political figures/government officials demanding bribes for contract award;
- project officials (e.g. certifier) demanding bribes to issue approvals for claims, certificates or payments;
- project owners demanding bribes to make payments that are due;
- gangs threatening damage to works, or physical harm to staff.

Failure to comply with such demands can cause serious disruption to works and delay to payment and can be dangerous. However, complying with such demands puts contractors and consultants at risk of criminal liability, increases costs, and also helps to perpetuate corruption. It may be possible for the Forum to identify the key extortion problems and then consider how they might be reduced. This might be done, for example, by lobbying relevant government departments to set up preventive controls and systems which contractors and consultants could use for dealing with and reporting extortion.

3.2 **Increased transparency:** Inadequate transparency contributes to corruption and enables it to remain concealed. Greater disclosure by funders, governments, project owners, contractors and consultants in relation to the funding and project details of infrastructure projects might significantly reduce corruption. It may be possible for the Forum to identify those matters which should be disclosed by each stakeholder and the manner of such disclosure.

3.3 **Reporting of corruption:** Corruption could be reduced if there were safe and effective reporting systems available to both industry practitioners and to the public. However, there are at present few such systems. There are significant risks for whistle-blowers and little action is taken in relation to reports. This is something that could be addressed by the Forum. Governments and funders could be lobbied to set up safe and confidential reporting systems on individual projects, and to establish effective methods of dealing with corruption.

3.4 **Assistance from donors and multi-lateral development banks:** It is often said that donors and MDBs do not take sufficient responsibility for:

- the manner in which funding is provided;
- implementation of anti-corruption systems on projects that they are funding;
- the way in which the funding is ultimately used;
- dealing with reports of corruption or extortion on projects that they are funding.

The Forum could identify the areas in which donors and MDBs should improve their procedures and provide assistance. These recommendations could be promoted through the global forum, or in alliance with other national forums.