

## Industry Agenda

# Partnering Against Corruption Initiative Infrastructure & Urban Development

## Building Foundations for Transparency

September 2015



### Background

While corruption is considered one of the greatest obstacles to economic and social development; transparency is seen as the key factor to establish systematic conditions conducive to economic growth and an important anti-corruption tool. Building foundations for transparency and a level playing field are critical in creating a business climate of openness, inclusion and efficiency.

In the Infrastructure and Urban Development (IU) industries, which includes the construction, engineering and real estate industries, particular barriers to entry including high levels of interaction between governments and the private sector, dense regulations and complex processes and transactions involving subcontractors and agents, provide numerous opportunities for bribery and corruption<sup>1</sup>. As a result, many firms face reputational damage that deters expansion into new markets and, ultimately, foreign direct investment in the region.

### The opportunity

Transparency results in markets becoming more accessible, lower risks for investors and greater ease of doing business in countries. For the IU industries, mitigating corruption risk through more transparent processes and enhancing efficiency is mutually beneficial to all stakeholders. Furthermore, it can lead to lower transaction costs and faster delivery as well as more equal access to quality service and products for citizens and taxpayers.

### Mission

Building Foundations for Transparency is a multi-year collaborative project between the World Economic Forum's Partnering Against Corruption Initiative (PACI) and the IU industries with the goal of levelling the playing field through corruption reduction in the infrastructure, engineering, construction and real estate industries. In a first phase of the project in 2014-2015, key global corruption risk areas were identified. The recommendations of the task force point out that to level the playing field collective action on permits and licences is needed and that there should be increased interaction between the industry and government. In response to these findings, the second phase of the project will launch a country-level pilot in India to establish a dialogue between business and local public officials on potential transparency-enhancing process changes in permits and licences, land acquisition and procurement. In parallel, the project will focus on the development of a diagnostic toolkit on a structured framework for solution development. The learnings from this year's phase will help to replicate the pilot and further develop the project in another country in the third phase of the project in 2016.

### Community

The project convenes steering and advisory committees of industry leaders and experts in the transparency and anti-corruption movement. The steering committee specifically includes chief executive officers and senior executives in business operations and corporate compliance from 16 global companies. The advisory committee consists of global experts in transparency and governance including executives of NGOs and other international institutions. Together, this community will work on the development of solutions to make processes more transparent and efficient in the infrastructure industry.

The role of technology in transaction processes has been identified by stakeholders as increasingly important. Integrating technology in this cross-industry effort to find best solutions thus becomes critical to the success of this project.

<sup>1</sup>Transparency International's Bribe Payers Index 2011 (p. 15) identifies public works contracts and construction as the industries most affected by bribery, followed by real estate, property, legal and business services

## Steering committee

ABB Ltd	Fluor Corporation
Aecon Group Inc.	Hindustan Construction Ltd
Alcoa Inc.	JLL
Arup Group Ltd	Lixil Group Corporation
Construction Products Holding Company (CPC)	Newmark Grubb Knight Frank
Consolidated Contractors Company Ltd (CCC)	RMZ Corp.
Danfoss A/S	Siemens AG
The Durst Organization	Wal-Mart Stores Inc.
	WS Atkins Plc
	WiseKey



## Advisory Committee

Accountability Lab	Blair Glencorse
Basel Institute on Governance	Gemma Aiolfi
Beckett Ethics & Compliance	Jacqueline Beckett
Businessworld	Pranjali Sharma
CG/LA Infrastructure	Norman Anderson
Claremont Graduate University	Robert Klitgaard
Clean Business Practice Initiative	Yetunde Allen
Confederation of Indian Industry (CII)	Sushanta Sen
CoST	Petter Matthews
Dubai Real Estate Institute	Mahmoud El Burai
Dynamism	Douglas Krone
eGovlab, University of Sweden	Vasilis Kouloulas
FIDIC	Enrico Vink
ICSS Europe	Emanuel Macedo de Medeiros
Internat. Business Leaders Forum	Jan V. Dauman
Neville Tiffen & Associates	Neville Tiffen
Pohlmann & Company	Andreas Pohlmann
Saafah Foundation	Abdullah Al-Nimri
University of Pennsylvania	William S. Laufer
The World Bank	Galina Mikhlin-Oliver
Transparency International	Susan-Cote Freeman

## Core activities

### Fostering local dialogue for more transparent processes

The steering and advisory committee members will initiate a dialogue with local policy-makers and public officials of two Indian states to discuss specific needs on a city/state level and to find solutions to make processes more transparent in key risk areas. As solutions with a high potential impact are identified, an implementation strategy will be developed and preparations initiated for a first test of a solution.

## Knowledge development and diagnostic toolkit

In parallel to the dialogue, experts from the advisory committee will work on the development of a diagnostic tool specifically adapted to the transparency needs in the IU industries. The tool will help dismantle and identify sub-issues within key risk areas and assess where the most opportunities can be unlocked through process improvement. Through this comprehensive toolkit, the project has the potential to be replicated in other regions.

## Relevant publications



Learnings from the Field (2015)

[http://www3.weforum.org/docs/WEF\\_IU\\_PACI\\_2014\\_Learning\\_from\\_the\\_field.pdf](http://www3.weforum.org/docs/WEF_IU_PACI_2014_Learning_from_the_field.pdf)



Recommendations of the Task Force (2015)

[http://www3.weforum.org/docs/WEF\\_PACI\\_IU\\_Building\\_Foundations\\_Against\\_Corruption\\_.pdf](http://www3.weforum.org/docs/WEF_PACI_IU_Building_Foundations_Against_Corruption_.pdf)



## Interaction (selected)

Multistakeholder meetings relevant to the project:

- 4 November 2015: National Strategy Day on India, New Delhi/India
- 8 December 2015: project workshop in Mumbai, India
- 9 December 2015: Bi-Annual PACI in Delhi, India
- 20-23 January 2016: Annual Meeting 2016, Davos/Switzerland

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