

Partnering Against Corruption Initiative Infrastructure & Urban Development

Building Foundations for Trust & Integrity

June 2016

Background

Emerging countries, once considered to be ripe for economic and social growth and investment, have been hit by corruption scandals negatively impacting public perception. To create economic value there is a need to build stronger dialogue between business and public institutions. *Building Foundations for Trust & Integrity* identifies key risk areas, designs and replicates innovative tools to tackle corruption and create behavioural change.

For business, corruption can raise the cost of accessing markets, and uncertainty for firms can act as a barrier to entry for new entrants across industries, resulting in a misallocation of resources. As a consequence, many Organisations face reputational damage that deters expansion into new markets and, ultimately, foreign direct investment in the region. In these economies, not only is corruption contributing to a plethora of prominent scandals that are increasing public distrust, but it is also creating economic barriers for all citizens.

The opportunity

Rebuilding trust and integrity in business and institutions to create economic value will result in markets becoming more accessible, lower risks for investors and greater ease of doing business in countries. Across industries, addressing the demand side of corruption through behavioural and cultural change 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. 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.



Mission

Building on interest from PACI Vanguard CEOs and government leaders, particularly ministers of finance, Building Foundations for Trust & Integrity is the third phase of a multi-year collaborative project between the World Economic Forum's Partnering Against Corruption Initiative (PACI) and Infrastructure & Urban Development. The goal of the project is to level the playing field through corruption reduction and behavioural change across industries.

In a first phase of the project in 2014-2015, key global corruption risk areas were identified. The final recommendations of the task force highlighted that to level the playing field collective action on permits and licences is needed and increased interaction between the industry and government prioritized. 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.

In response to these findings, the second phase of the project launched 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 produced an online, front-end diagnostic tool that aggregates transparency indices and showcases a deep dive on the state level.

In 2016-2017, the third phase of the project will involve a replication of the workshops and diagnostic tool with a regional focus on Mexico and other countries where there has been interest from both business and government around the creation of digital solutions to enhance transparency and catalyse change.

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.

Steering Committee

ABB Ltd
Acciona SA
Aecon Group Inc.
Arup Group Ltd
Construction Products Holding Company (CPC)
Consolidated Contractors Company Ltd (CCC)
Danfoss A/S
The Durst Organization

Fluor Corporation
Hindustan Construction Ltd
JLL
Lixil Group Corporation
Marhnos SA de CV
Newmark Grubb Knight Frank
SNC-Lavalin Group Inc.
Wal-Mart Stores Inc.
WS Atkins Plc
WISeKey

Advisory Committee

Accountability Lab
Basel Institute on Governance
Beckett Ethics & Compliance
CG/LA Infrastructure
Claremont Graduate University
Clean Business Practice Initiative
CoST
Dynamism
eGovlab, University of Sweden
FIDIC
Int'l Business Leaders Forum
Neville Tiffen & Associates
Pohlmann & Company
Saafah Foundation
University of Pennsylvania
The World Bank
Transparency International

Blair Glencorse
Gemma Aiolfi
Jacqueline Beckett
Norman Anderson
Robert Klitgaard
Yetunde Allen
Petter Matthews
Douglas Krone
Vasilis Koulolias
Enrico Vink
Jan V. Dauman
Neville Tiffen
Andreas Pohlmann
Abdullah Al-Nimri
William S. Laufer
Galina Mikhlin-Oliver
Susan-Cote Freeman

Core activities

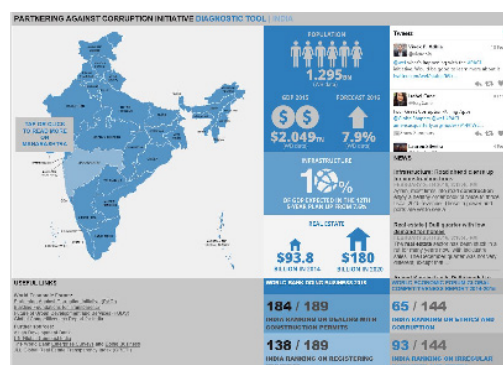
Fostering local dialogue for building trust and integrity

The steering and advisory committee members will initiate a dialogue with local policy-makers and public officials in Mexico and other selected countries to discuss specific needs on a city/state level and to find solutions for more transparent processes in key risk areas. As solutions with a high potential impact are identified, an implementation strategy will be developed and preparations initiated to assess the proposed solutions and replication within the selected countries.

Knowledge development and online diagnostic tool

In parallel to the dialogue, experts from the advisory committee will work on replicating the diagnostic tool specifically adapted to the transparency needs across industries in Mexico. The tool will help unbundle and identify sub-issues within key risk areas and assess where the most opportunities can be unlocked through process improvement.

Relevant publications



Meetings

Multistakeholder meetings relevant to the project:

- 17 June 2016: World Economic Forum on Latin America, Medellín, Colombia
- November 2016: Project workshop, Mexico City, Mexico
- 15 November 2016: PACI Fall meeting, Geneva, Switzerland
- 17-20 January 2017: World Economic Forum Annual Meeting, Davos-Klosters, Switzerland

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