

Corruption in Engineering and Construction Projects

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A man in profile is shown working on a laptop in a dark room. The laptop screen is illuminated, and the man's face is partially lit by the screen's glow. In the background, the word "Security" is written in a large, glowing blue font, with a grid pattern overlaying it. The overall atmosphere is dark and focused on digital security.

49%

Nearly half of respondents reporting economic crime say it includes bribery and corruption. That's the highest level of any industry.

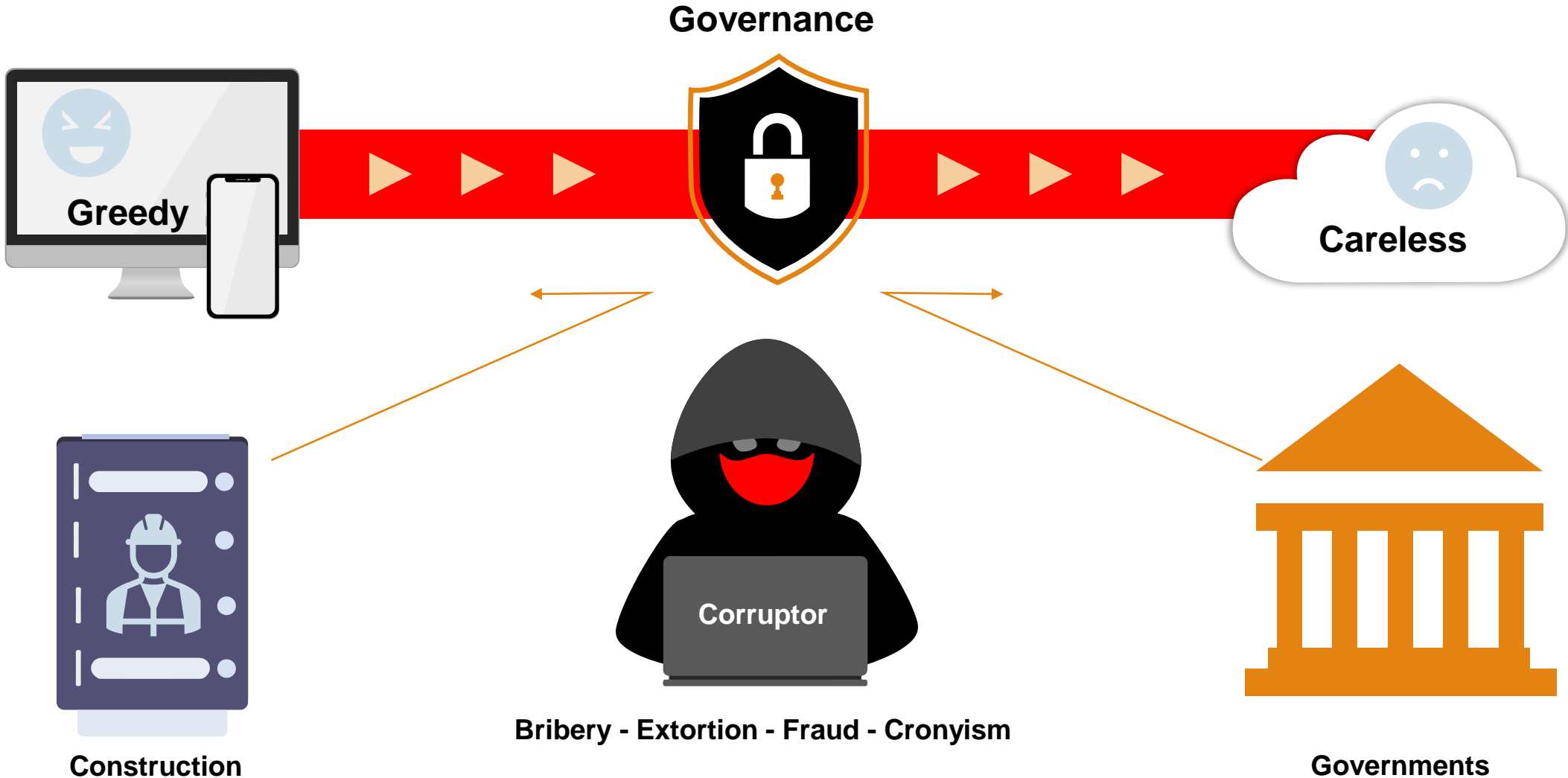
76%

Asset misappropriation tops the list of types of economic crime experienced by engineering & construction respondents.

70%

Seven out of ten of the most serious economic crimes suffered by engineering & construction companies were perpetrated by insiders.

Corruption Model



Agenda

01 What is the Corruption Forms?

02 Why corruption happen?

03 How to Tackle Corruption!





1

What is the Corruption Forms?

Corruption

Up to 30% of Budget

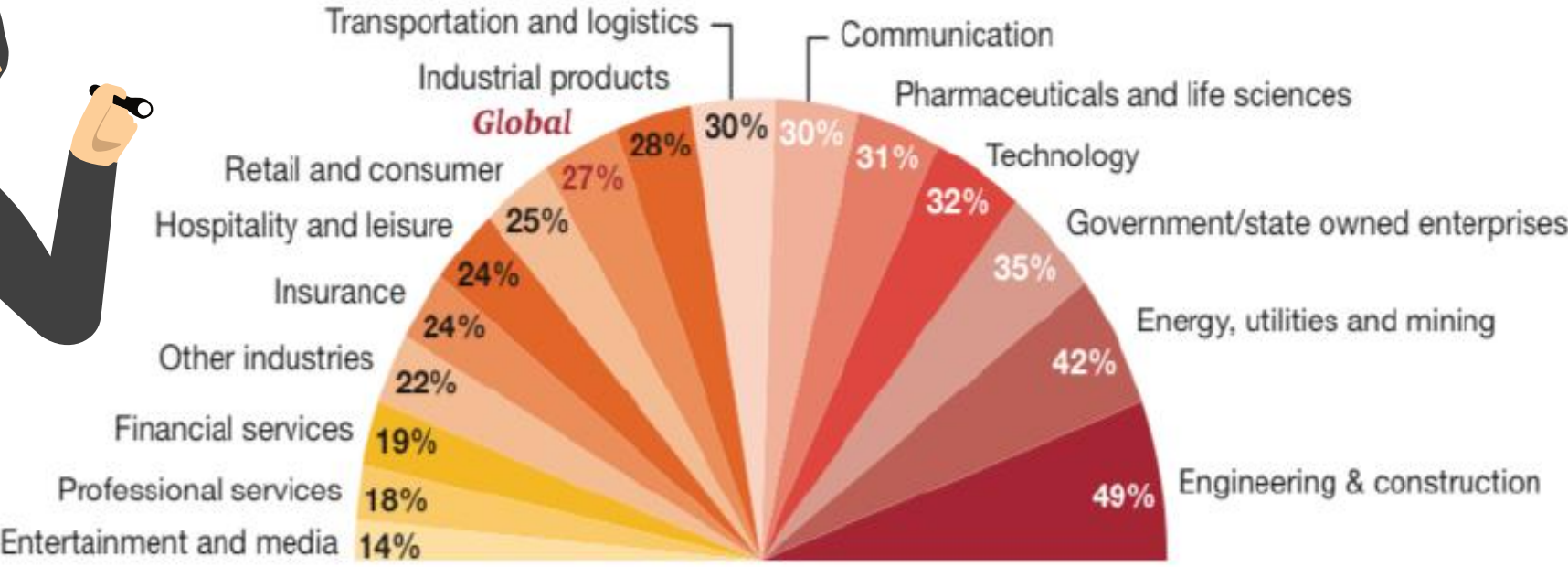
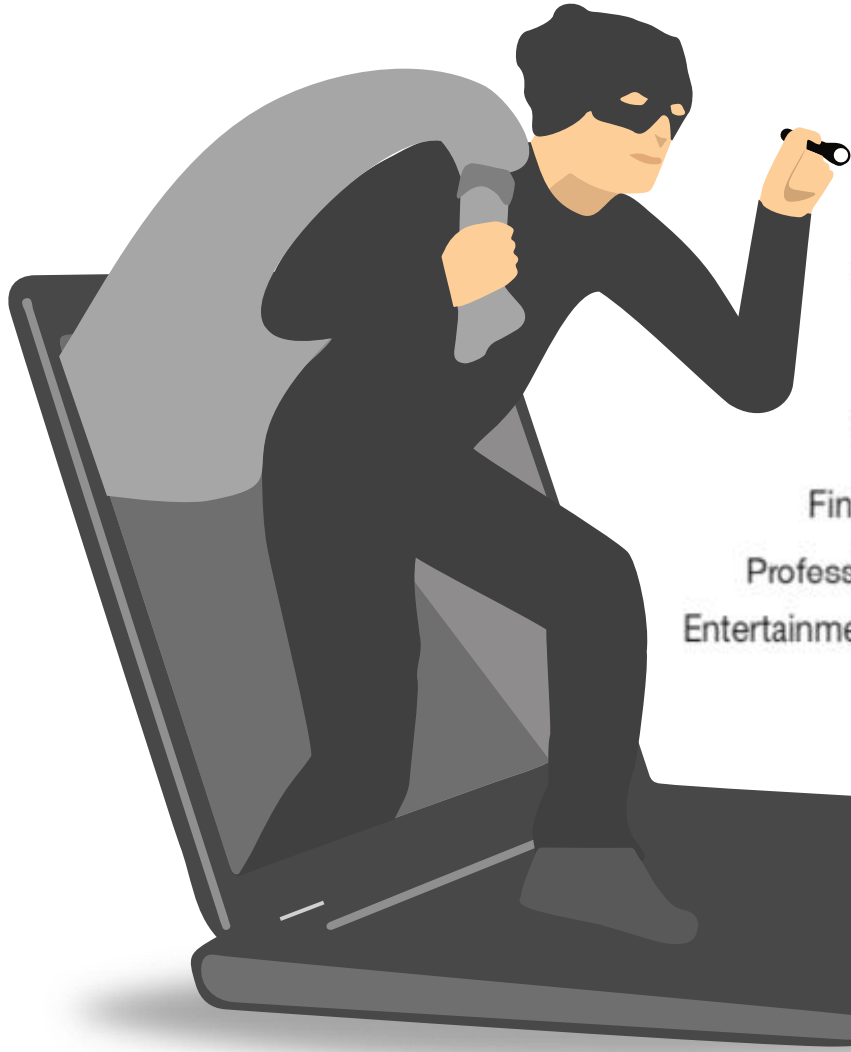
2030 Corruption cost \$3 trillion

The value of losses through corruption is estimated at between 10 and 30% of the total projects budget. This means that by 2030, unless measures are introduced that effectively improve this situation, close to \$6 trillion could be being lost annually through corruption, mismanagement, and inefficiency.

Engineering

Construction

Engineering and construction



% of all respondents who experienced economic crime over the survey period

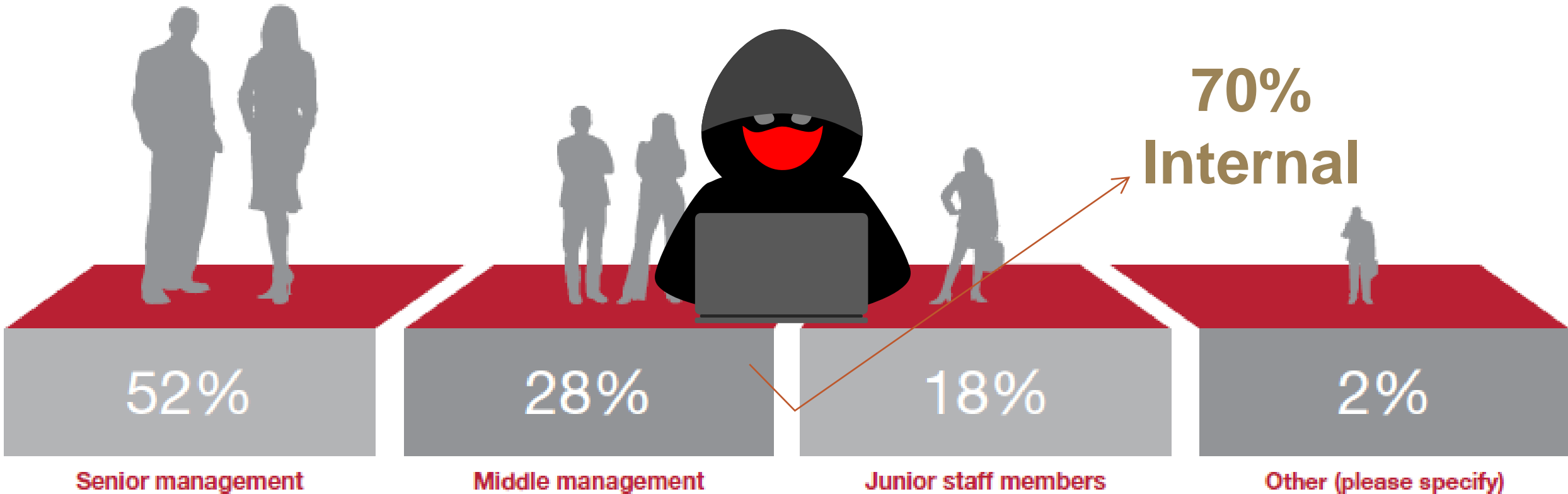
Source: PwC(2014) *Fighting corruption and bribery in the construction industry*

Where **corruption** occurs!

Corrupt practices can occur at all stages of the procurement process: In the marketing of engineering services; during the design; in preparing tender documents (including specifications); in pre-qualifying tenderers; in evaluating tenders; in supervising the performance of those carrying out the construction; issuing of payment certificates to contractors; and making decisions on contractors' claims.



Corruption Source





2

Why corruption happen?

Corruption Indicators

Unnecessary, Inappropriate or Poor-Quality Goods or Services

Suspicious Invoices — False, backdated or duplicated invoices

Reduced Commitment to Quality, Ethics and Compliance

Biased Procurement Procedures



**History of
Corruption**

Supplier Refuses to Deal with Anyone Other Than Point of Contact

Individuals Reluctant to Take Annual Leave or Offer Insight

Sudden Increase in Work Opportunities

Lack of Written Agreements

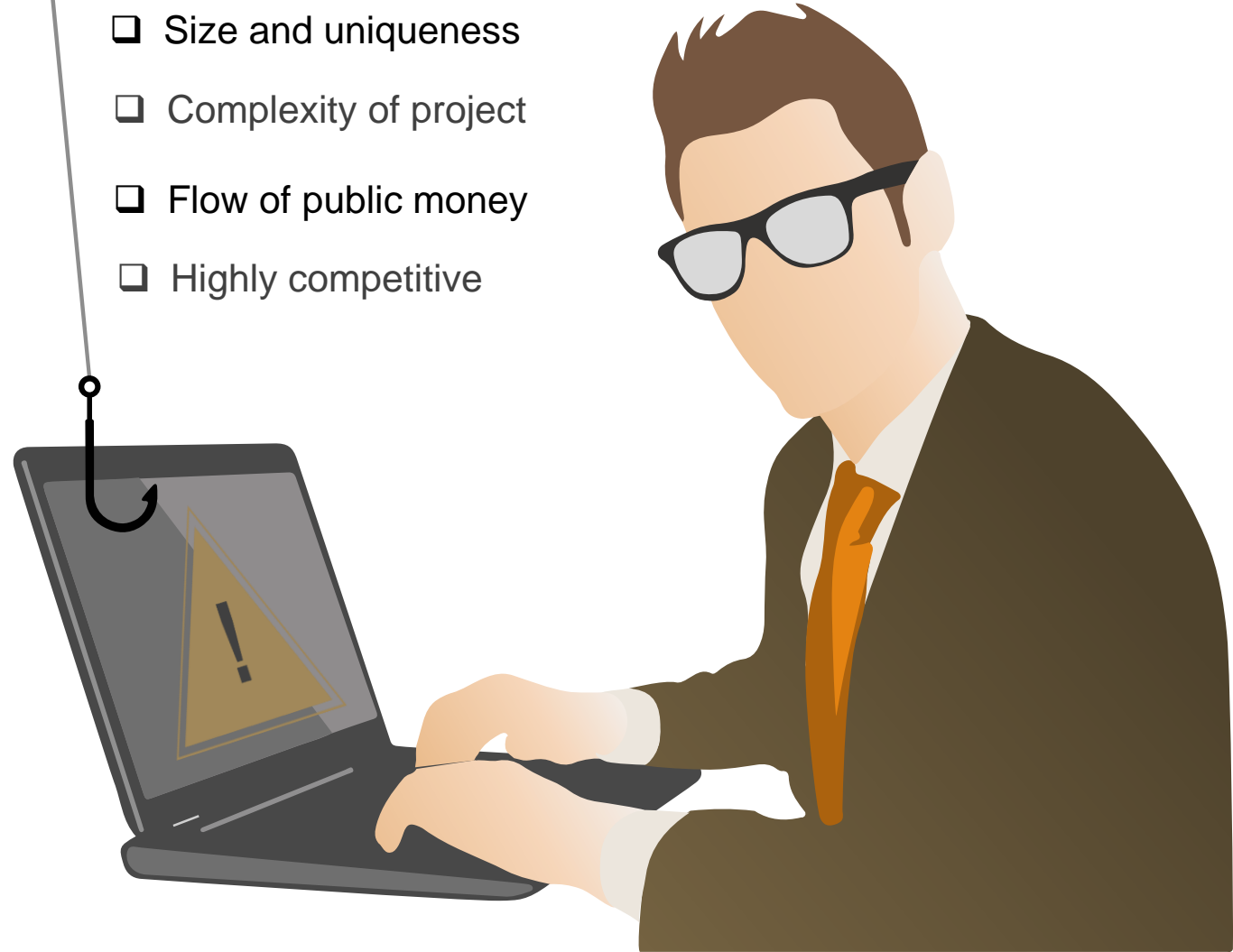
Corruption Causes



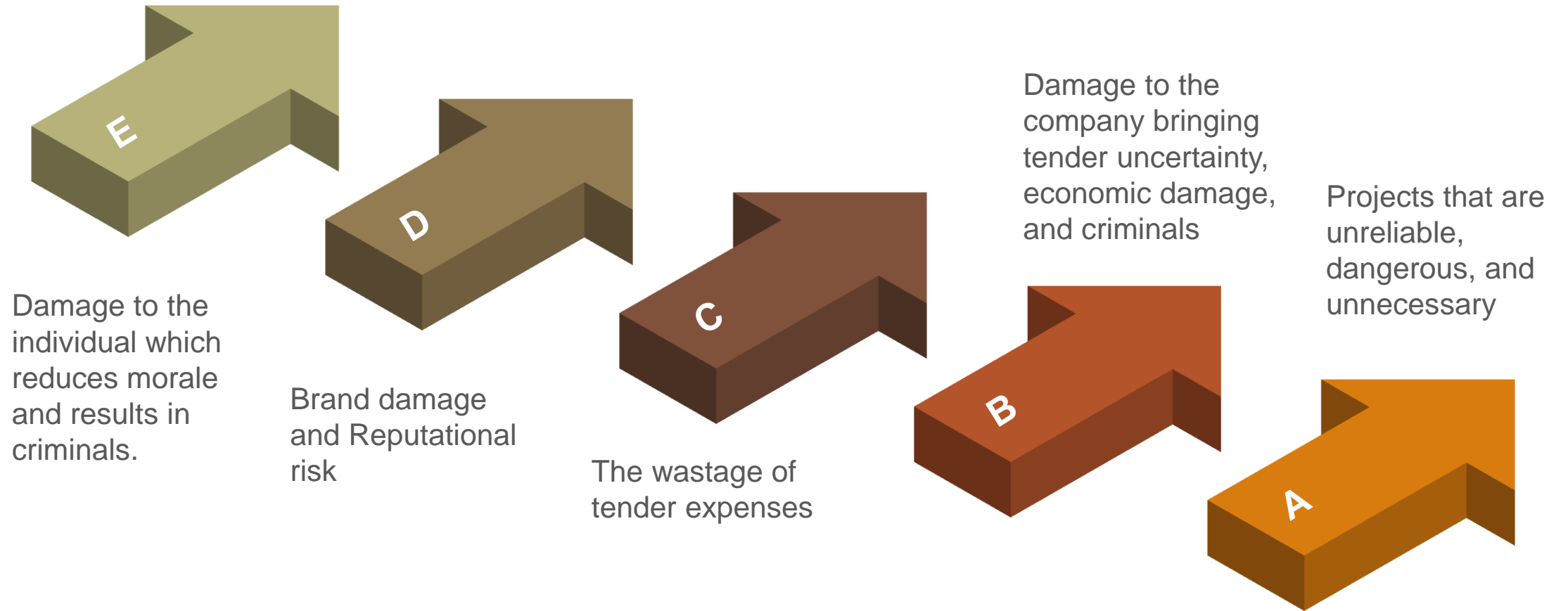
- Lack of transparency
- Tight margins
- Close relationships
- Political interference

- Size and uniqueness
- Complexity of project
- Flow of public money
- Highly competitive

Corruption exists across all the different stages of a construction project



Corruption Effects





3

How to Tackle Corruption!

Anti-Corruption Actions

Individual Engineers in Construction Sector

Professional Engineering Institutions

Government in Construction Industry

Organizations in Construction Industry



Individual Engineers



Avoid participation in any activity that appears fraudulent.



Try to report any activity that is suspicious



Abide by the ethical code of professional institution



Encourage the adaptation of anti-corruption measures

Engineers are employed either by the government, funders, consulting engineers, contractors, or project owners.

Professional Engineering Institutions



Publicly speak out against corruption.

Provide anti-corruption training and guidance to all the members and engineering students..

The adoption and implementation of anti-corruption measures must be promoted.

Adopt and promote ethical codes that express prohibition of corruption.

Collaboration

Government in Construction Industry

100%

The implementation and maintenance of anti-corruption measures must be made legal for public sector projects.

Ensure that the controls exist to prevent extortion by an official in the matter of government approvals and permits.

Ensure that the public sector employees are paid reasonably well and on time so that they do not resort to extortion.

A reporting mechanism must be provided to report corruption to the authorities in a safe and confidential manner.

Funded body must be formed to investigate and work honestly, fairly, and transparently without any interference from the government..

The governments must cooperate in establishing an international court for corruption offenses.



Organizations in the Construction

Project owners

1. Training employees
2. Publishing anti-corruption code of conduct
3. Implementing effective financial and commercial controls
4. Implementing anti-corruption measures for all projects

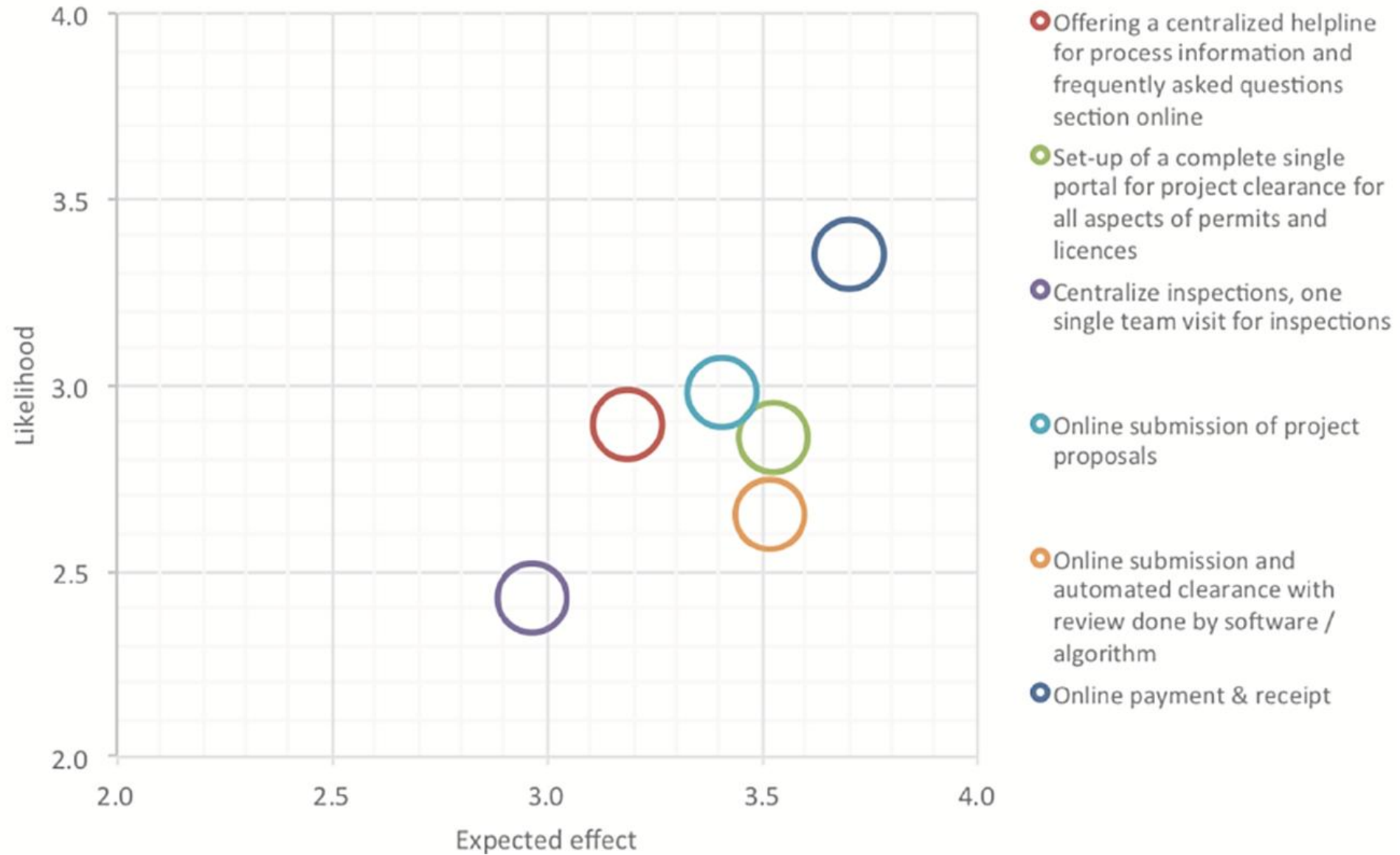


The project funders

1. Implement and maintain proper anti-corruption measures within the organization.
2. Provide finance, insurance, and guarantees only for the projects that adopt anti-corruption measures.

Project. Companies

1. Implement and maintain proper anti-corruption measures within the organization
2. Encourage anti-corruption measures



Solutions for corruption in permits and licenses, Mexico



GIACC

Global Infrastructure Anti-Corruption Centre



WEBSITES

These websites have useful material, especially GIACC for addressing corruption at project level:

- *Global Infrastructure Anti-Corruption Centre (GIACC)*
- *Construction Industry Transparency Initiative (COST)*
- *Open Contracting Partnership (OCP)*

“Like many businessmen of genius, he learned that free competition was wasteful, monopoly efficient. And so, he simply set about achieving that efficient monopoly.”

—The Godfather



A black and white photograph of Kofi Annan, an elderly man with a grey beard, wearing a dark suit and tie. He is holding a Shure microphone and looking slightly to the right. The background is blurred, showing what appears to be a stage or conference setting.

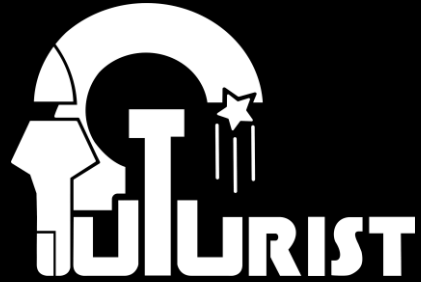
“ IF CORRUPTION IS A
DISEASE, **TRANSPARENCY**
IS ESSENTIAL PART OF
ITS TREATMENT.

Kofi Annan,
Former UN Secretary General &
Nobel Peace Prize laureate.



Photo: Flickr / DFID - UK





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Be Safe...

Anti-Corruption...

Protect Your Business...

