

# Combating Corruption: Transport and Infrastructure

## Guidance Note - DG INTPA G1

*This note is an excerpt of longer guidance currently in development, exploring anti-corruption in different sectors.*

**Construction of public infrastructure** is responsible for [roughly half of all capital investment by government and public-private partnerships](#). Given construction requires **substantial investment volumes** it bears [significant vulnerabilities to corruption, mismanagement and inefficiency, costing up to 6 trillion USD annually by 2030](#). This poses a critical concern given that public infrastructure underpins economic prosperity and human development, especially as the [engineering and construction sector reports the highest incidents of bribery and corruption of all sectors](#). Transport infrastructure makes up a significant percentage of this infrastructure investment. The [2020 global PWC economic and fraud survey of businesses](#) reports 30% of respondents experienced economic crime in the sector, totalling 42 billion USD in losses. Where bribery or corruption was reported, companies with dedicated bribery, corruption programme spent 58% less on remediation than those without.

Transportation and related infrastructure are critical components of EU international partnership and support. [Global Gateway](#) will promote global infrastructure investments (such as the [EU-Africa strategic corridors](#), [EU-ASEAN strengthened partnership](#)) that [create sustainable, smart, resilient, inclusive and safe networks in all modes of transport](#), providing connectivity with the [Trans European Transport Network](#). The ambition is to create strategic, sustainable, and secure transport corridors, support value chains and enhance both regional and domestic trade, and to develop climate-resilient transport connectivity. This is a key component of the [Agenda 2030](#), directly contributing to 8 of the 17 SDGs.

### **Corruption Risks and Mitigation**

Typical corruption risks in transport and infrastructure occur [along main functions of public entities](#), namely decision-making (including budget allocation) and public procurement (including services such as operations and maintenance). This section briefly describes the typical corruption risks in transport and infrastructure, provides further information and examples for approaches to mitigate these risks:

**Decision Making** – The construction of transport infrastructure including maintenance and licensing, regulations for transportation of goods and people as well as controllers of roads, ports, borders, and customs are possible targets of corruption, taking the form of collusion, favouritism, and illicit influence. Contributing factors are e. g. the legal, technical, and

administrative complexity of construction projects, including coordination across the many different levels of public and private bodies involved. Consequently, corruption can lead to expensive, suboptimal, and limited access to public transport services - especially if not public-interest-centred planned - and thus the misallocation of resources and further consequences for the economic, social, and environmental development.

*Resources for further reading:*

OECD provides a general [Open Government Toolkit](#) and an [Integrity Framework for Public Investment](#).

The UK Government provides an [Open Policy Making Toolkit](#).

The [Governance Lab at NY University](#) has formulated eight [recommendations](#) for open and engaged policy-making.

OGP published this short guide on [mainstreaming participation in decision-making](#), with recommendations and examples of possible reform actions.

[Curbing Corruption project](#) produced analysis for different sectors, e. g. [reform measures against corruption in decision-making with a focus on construction](#).

The [Global Infrastructure Anti-Corruption Centre \(GIACC\)](#) is an international, independent, not-for-profit organisation that develops and promotes anti-corruption measures for the infrastructure sector and offers training modules.

[Infrastructure Transparency Initiative \(CoST\)](#) was launched as a global initiative in 2012 with the support of the World Bank, working with government, private sector, and civil society to promote the disclosure, validation, and interpretation of data from public infrastructure projects.

**Public Procurement** – Corruption in procurement processes for the construction of public infrastructure including maintenance services has serious implications, e. g. inappropriate project choice, high prices, poor quality, excessive time and cost overruns, inadequate maintenance, low returns, and use of inappropriate and expensive technology. It can manifest along the different stages of bidding processes and take forms such as kickbacks, overpricing, unaccounted for spending and under-delivery. Consequently, it can lead to failures to select the best possible contractor, waste of resources, cost inflation, delays and decreases in service quality and reliability.

*Resources for further reading:*

OECD provides further resources, such as its paper on [Preventing Corruption in Public Procurement](#), and its [Anti-Corruption and Integrity Hub](#).

IACA's and UNOPS free online training on ['Fraud and Corruption Prevention in Public Procurement'](#).

UNODC provides [University Modules for Anti-Corruption training](#), also on [public procurement as part of its Module 4 Public Sector Corruption](#).

The IMF outlines in its Working Paper from May 2022 a methodology and results in [assessing corruption risks in public procurement and their impact on relative prices](#), using large databases on government contracts and tenders.

The [Open Contracting Partnership](#) has developed a wealth of resources on open contracting, including global principles, red flags, etc.

OGP has published [a guide on Open Contracting](#) with reform recommendations and examples, as well as evidence of impact. More arguments and case studies demonstrating the benefits of open contracting can also be found in this [guide](#).

The [Open Contracting Partnership](#) has developed a wealth of resources on open contracting, including specifically for [infrastructure](#) and its [Open Contracting for](#)

[Infrastructure Data Standards \(OC4IDS\) Toolkit](#) which describes how to combine contract level disclosures using [Open Contracting Data Standard \(OCDS\)](#) with project-level disclosure based on [CoST Infrastructure Data Standard \(CoST IDS\)](#), in order to support scalable disclosure and monitoring of infrastructure project identification, preparation, implementation and delivery.

[Methodology for Assessing Procurement Systems \(MAPS\)](#) was originally created by a joint initiative of the World Bank and DAC in 2003 and [updated through a multi-stakeholder process \(2015-2018\) to match current public procurement challenges](#), such as e-procurement and sustainability. MAPS is an international standard and has been used by the development banks, bilateral development agencies and partner countries to assess their procurement systems and to support more efficient reforms, in line with the SDGs.

[U4's Anti-Corruption Resource Centre](#) provides information on Procurement.

[Hivos](#) has produced an [advocacy toolkit](#) for opening up contracting.

The [World Bank report on "Global Procurement Partnership for Sustainable Development"](#) shows how the role of public procurement can support broader policy goals such as environmental stewardship, resilient and inclusive economic development, and social protection. Furthermore, [World Bank's Procurement Department](#) helps partner countries ensure efficient use of public resources in Bank-financed projects and through reforms of countries' procurement systems.

## Corruption Analysis

Given the complexity of public infrastructure projects, including the wide range of actors, and diversity of risks, it is crucial to understand the enablers and drivers, and to identify various gaps and opportunities for anti-corruption entry points. Besides the large investment requirements of public infrastructure projects, factors facilitating corruption are e. g. uniqueness of infrastructure projects which makes comparisons difficult; complex national as well as international transaction chains involving many professional disciplines; and the fact that numerous approvals from different public bodies are required across the construction cycle. Each element provides opportunities for bribery and corruption.

Three complementary approaches are often employed in analysing and assessing corruption risks: (i) Political Economy Analysis (PEA) includes stakeholder mapping and exploration of the structure as well as the 'rules of the game'; (ii) Systems Analysis covers the procedures and routines within a system to understand drivers and causal loops; (iii) Analysis of Social Norms and Perceptions, including gender, focuses on expectations and perceptions of what is acceptable behaviour.

Resources for further reading:

OECD provides an [Infrastructure Anti-Corruption Toolbox \(I ACT\)](#) and [Integrity Framework for Public Investment](#).

IMF adopted in 2018 its [Framework for Enhanced Engagement on Governance](#) which is designed to inter alia strengthen the global fight against corruption, particularly in the transnational context. The [IMF working paper "Review of Implementation of the 2018 Framework for Enhanced Fund Engagement on Governance" from 2023](#) provides a comprehensive stocktaking of the IMF's work in governance and corruption since 2018. [IMF website on Governance and Anti-Corruption](#) provides further information and tools, e. g. the [Governance Diagnostic Reports](#) which are in-depth, country-tailored assessments of corruption and governance vulnerabilities that draw heavily on local knowledge and expertise, and provide recommendations. IMF also provides its [Public Investment Management Assessment \(PIMA\)](#) tool and [handbook](#) which is a framework to assess infrastructure governance practices, covering the complete public investment cycle in a comprehensive manner. PIMA reports are produced through a consultative approach, [including a set of prioritized recommendations and action plans tailored to each assessed country](#).

AUS administration's [Good Practice](#) on PEA, UK administration's [Understanding PEA](#), UK AID's [Beginner's Guide](#) to PEA and USAID's [Applied PEA](#), the [Corruption, Justice and Legitimacy Program](#) (tools and guides), general guidance is provided by [USAID Anti-Corruption Assessment Handbook](#).

[GIACC](#) provides an [Anti-Corruption Programme for Organisations](#), with a large spectrum of information on tools and initiatives relevant in construction sector. [GIZ](#) provides an [overview of corruption drivers and enablers in transport sector](#) by combining analysis of stakeholders, processes, and structural conditions.

Fondazione SAFE's project [POrTS unitED against corruption \(POSEIDON\)](#), which is co-funded under the EC's Internal Security Fund programme, seeks to enhance EU level actions against corruption in the ports sector, with a particular focus on corruption in major European ports.

[GIZ's project on Tackling Corruption and Promoting Integrity](#) provides further readings on how to implement anti-corruption and integrity in development cooperation more effectively.

U4 [basics of corruption risk management](#), [U4 Anti-corruption resource centre](#), and [TI Anti-corruption Knowledge Hub](#) provide a wide range of resources, e. g. U4 paper on [Corruption in the construction of public infrastructure](#).

OGP has published an [overview of how social audits of public service delivery and grievance redress mechanisms](#) work, including evidence and case study of their impact. OGP published a guide with examples of actions to [promote fiscal openness](#), and a [more comprehensive overview](#) of the concept and evidence of impact.

[Integrity Pacts \(IP\)](#) establish the framework for multi-stakeholder collaboration and oversight through the entire public procurement cycle. It is a type of project-based collective action initiative, that aims to foster good governance and prevent corruption in public procurement. Both the contracting authority and bidders commit to comply with best practice and maximum transparency, while a third external actor, usually a civil society organisation, monitors the process and commitments made.

The [Infrastructure Corruption Risk Assessment Tool \(ICRAT\)](#) helps users identify the loopholes that enable corruption to thrive in the infrastructure sector. It is designed to assist stakeholders to ask the right questions and hold those responsible for public infrastructure to account. It provides a practical roadmap to identify and mitigate red-flag corruption hotspots.

[UNDP's regional project on Anti-Corruption and Integrity in Arab Countries \(ACIAC\)](#) objective is to enable institutions and systems to address awareness, prevention as well as enforcement of anti-corruption and integrity measures by offering a comprehensive approach encompassing various strategies, such as policy and legislative support, training initiatives, and the provision of advanced technologies and tools to enhance the capabilities of relevant institutions. Its [presentation Global trends & addressing corruption in the transportation sector](#) offers facts and trends in the transport sector as well as a mapping of decision and action points, processes, and indicators for a risk assessment regarding the transportation governance.

[Kickback-Global Anticorruption](#) and [Global Anticorruption Blog](#) provide further information.

## EU Tools

Based on [Article 21 of the Treaty on the EU \(TEU\)](#), as a priority in its external action the EU promotes human rights, democratic governance, the rule of law and the fight against corruption policies. More generally, in its external actions, the EU supports legal and policy reforms to build anti-corruption institutions as well as oversight bodies, and to strengthen civil society, human rights defenders, whistleblowers, and independent media as watchdogs against corruption. Any anti-corruption analysis can complement and be supported by existing EU tools, including [Conflict analysis](#) and EU early warning systems, [Gender analysis](#), [Risk Management Framework](#), [Budget support](#), [Human Rights & Democracy country strategies](#). Note also the recent EU [Handbook](#) of good practices in the fight against corruption as well as the [Joint Communication on the fight against corruption](#). The European Commission made a [new recommendation on involving citizens in policymaking in November 2023](#). For further information and thematic support, please contact the G1 team.