



**XXIV<sup>th</sup> World  
Road Congress  
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## Fighting corruption and creating a level playing field from contractors view

### Per Nielsen

- FIEC/EIC  
CoST, NCC AB
- Member of the board and chairman  
FIEC/EIC working group,  
Senior advisor to NCC
- [per.nielsen@ncc.se](mailto:per.nielsen@ncc.se)



# Ranking list, corruption perception index

Rank	Country	Score	Rank	Country	Score
<b>1</b>	<b>Denmark</b>	<b>9,3</b>	<b>41</b>	<b>Poland</b>	<b>5,3</b>
1	New Zealand	9,3	50	Saudi Arabia	4,7
<b>1</b>	<b>Singapore</b>	<b>9,3</b>	<b>78</b>	<b>China</b>	<b>3,5</b>
<b>4</b>	<b>Finland</b>	<b>9,2</b>	78	Colombia	3,5
<b>4</b>	<b>Sweden</b>	<b>9,2</b>	<b>101</b>	<b>Dominican Rep.</b>	<b>3,0</b>
<b>10</b>	<b>Norway</b>	<b>8,6</b>	<b>101</b>	<b>Zambia</b>	<b>3,0</b>
15	Germany	7,9	<b>116</b>	<b>Tanzania</b>	<b>2,7</b>
20	United Kingdom	7,6	146	Paraguay	2,2
<b>41</b>	<b>Costa Rica</b>	<b>5,3</b>	<b>154</b>	<b>Russia</b>	<b>2,1</b>

Source:  
Transparency International



# Asphalt cartels in Scandinavia... and more recent corruption affairs within our industry



**Västerviks Tidningen**  
Onsdag 2 februari 2011  
Sök på vt.se Sök

**Skanska kartellmisstankar mot NCC**  
Konkurrensmyndigheten misstänker företagen Kolo och Skanska för otillåtet prissamarbete i asfaltsbranschen. Skanska samarbetar med myndigheten för att utreda om det rör sig om prissmeddelande.

**NCC: NCC INCLUDED IN INVESTIGATION CONCERNING PRICE COLLUSION IN NORWAY**  
2011-01-28 14:00 CISION

**NCC included in investigation concerning price collusion in Norway**

**Stavanger Aftenbladet**  
Nyheter  
- Unormalt høye priser i Trøndelag  
- Forandrerne drevet prissamarbeide?  
... asfaltsjef i Veidekke i Midt-Norge sto fram i NRK tirsdag og fortalte om et ulovlige samarbeidet mellom de store leverandørene. Samarbeidet var avtalt forå kunne kontrollere markedet og lure det offentlige for millionbeløp.




# Road projects in Africa



# FIEC/EIC Statement on Corruption prevention CoST, Construction Sector Transparency Initiative

- FIEC/EIC Statement on Corruption Prevention in the Construction Industry
- Déclaration FIEC/EIC concernant la prévention de la corruption dans l'industrie de la construction
- Erklärung der FIEC und EIC zur Korruptionsprävention in der Bauwirtschaft



FIEC  
(European Construction Industry Federation)

EIC  
(European International Contractors)





# FIEC/EIC Motivation

**Many efforts undertaken by various institutions**

- WB
- OECD
- Civil society

...

**But the industry being silent, despite all too often been**

- Percieved as particular prone to unethical behaviour
- Singled out





## Produce a statement

- Valid for both large stock-listed companies and SME's
- Addressing both the home market and overseas operations
- For dissemination both internally and to the outside world





## **We are strongly against corruption !**

- unacceptable phenomenon in national and international business transactions
- damages the image and reputation of the whole construction industry

**We need to build trust and confidence in order to develop our industry and the future forms of contracts - our business opportunity**





# FIEC/EIC recommends the private sector to...



- Develop and live according to their codes of conduct
- Train their employees based on real life situations



# FIEC/EIC recommends Clients/Contracting authorities to...



- Make sure that contract conditions are fair and balanced
- Introduce conditions allowing also the contractor to terminate the contract in case of unethical offerings
- Introduce positive weighting for companies with credible track record/ policies

... and why not?

- Compensation for financial losses due to the refusal of unethical offerings



## Consultant engineers to ...



- Realize that poorly prepared projects, poor/wrong design is the main source for corruption to occur
- Maintain the professional independence throughout the project

# FIEC/EIC recommends...



## Funding agencies to...

- Insist on clear rules on fair, prompt and efficient dispute resolution mechanisms
- Assume responsibility throughout the project and maintain full scale supervision/audit when public funds are involved





## FIEC/EIC recommends...



### Donors – at least for countries not in control of their budget

- No budgetary aid
- No permission to use country procurement systems



# Joint statement concludes



## The global fight against corruption needs

- to encourage positive behaviour by all parties rather than penalising unethical behaviour by one party
- holistic actions by all stakeholders, simultaneously within their sphere of influence

**We need to create a level playing field together**



# Proposed way forward



## FIEC/EIC invites the various parties to...

- a serious dialogue with the construction industry
- work together to identify and implement efficient tools for fighting corruption



# How does CoST work ?



- Use of transparency
- Multi-stakeholder working
- Declaration of 'Material Project Information' by procuring agencies
- Verification and assessment by the Assurance Team
- Publicity for findings
- Potential action by government





- Increasing transparency in the construction sector
- Raising the efficiency of project procurement and management agencies
- Securing better value for scarce resources
- Ensuring that infrastructure is appropriate to the needs of the country
- Re-establishing a 'level playing field'
- Reducing the opportunities for corruption



## What is CoST not about ?

- It is not an attack on the contractor
- It is not a regulatory system
- It is not about greater use of country procurement systems
- It is not a complete answer



## What has CoST achieved ? (1)

- Information on more than **200 projects** across **29 procuring entities** in **8 pilot countries** has been collected and disclosed
- Significant inefficiency and mismanagement identified throughout the construction cycle
- Major causes of concern are:  
unjustifiably long **time** and high **costs overruns** as well as low levels of competitive bidding
- Current emphasis on procurement reform is a necessary but **not sufficient** focus for improving efficiency and cost effectiveness in construction



## What has CoST achieved ? (2)

- Successful **country-led** initiative – with possibility for **global** application
- **Pro-active information disclosure** is feasible in different political, social and regulatory environments
- CoST is **contributing to** governance reforms and institutions
- CoST is receiving strong **support** within pilot countries – as well as **internationally** from companies, multilateral organisations and civil society

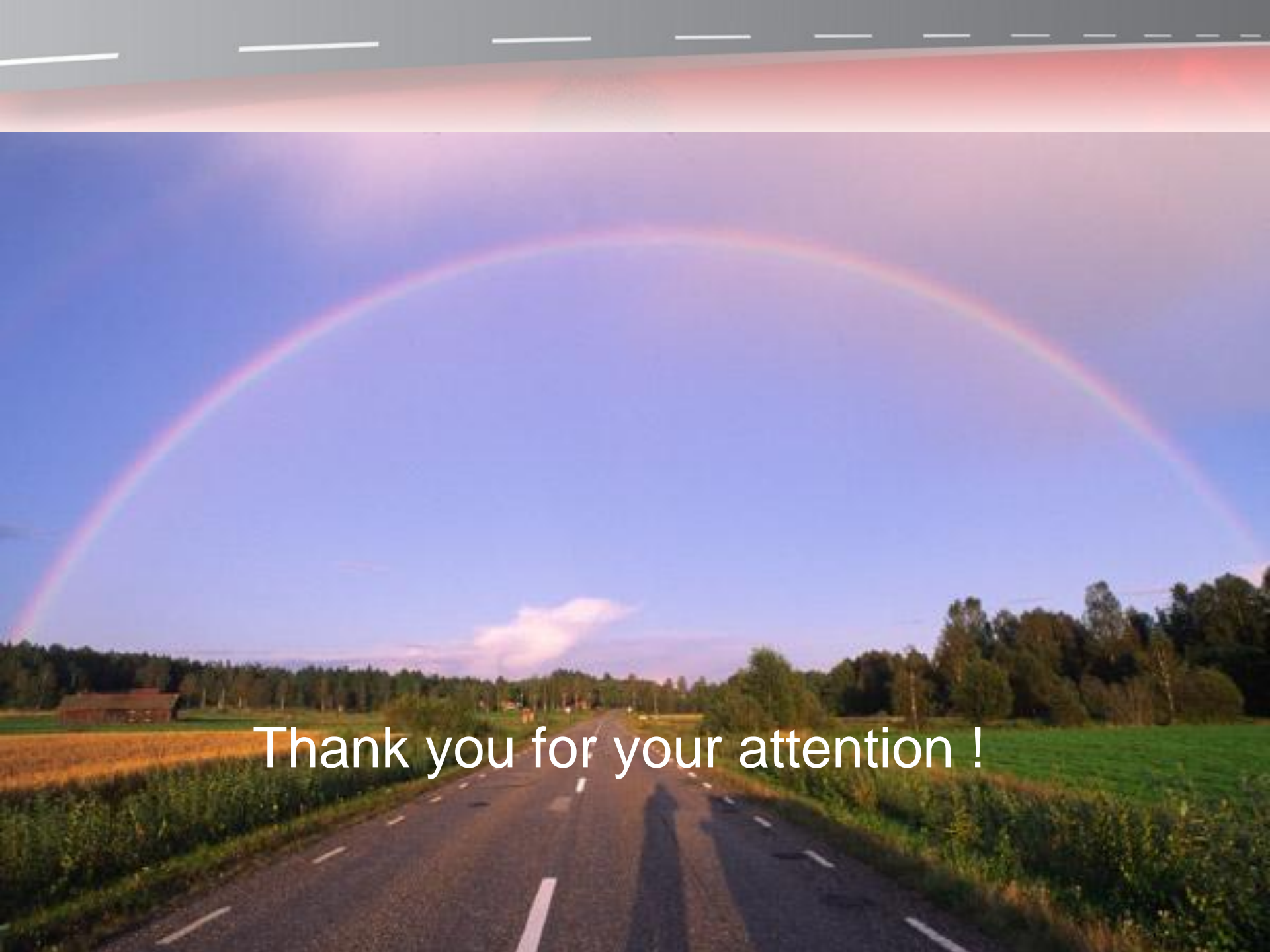


# What is the future of CoST ?



- **World Bank** Multi-Donor Trust Fund to take over from UK DFID, with potential **G20 support** under its infrastructure transparency action plan
- Technical guidance and support, start-up funding and exchange of international best practice
- Up to 50 CoST-implementing countries form a **global partnership**, voluntarily and flexibly implementing universal CoST principles
- Countries achieve benchmarks towards **CoST Certification**
- **Board of Management and Industry Forum**





Thank you for your attention !