

### Hidden Sources of Corruption in the Construction Sector

#### Introduction

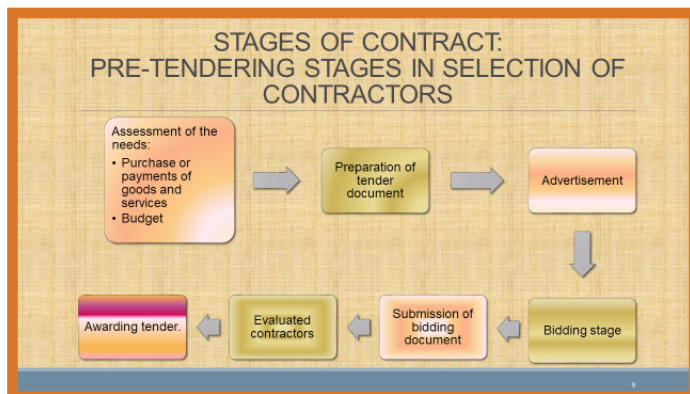
Corruption occurs in various forms at different stages of the procurement cycle in construction but is difficult to identify when it happens. There is no universally-accepted definition of corruption, although literature suggests corruption is misuse of an office for personal gain (Rose-Ackerman, 1999; Werlin, 1994; Soreide and William 2014). It involves behaviour in which the office holder improperly and unlawfully advance private interests over the interest of the office or position they occupy by misusing it for personal gain. However according to Vitoria and Kroeze (2015), having a single definition may not even be helpful since corrupt practices change from time to time, depending on social and political dynamics. In an effort to understand the nature of corruption, different approaches of identifying and estimating the extent of corruption exist.

Construction industry is predominant in Zambia and involves purchase of goods, payment for all kinds of services building of schools and roads and industrial complexes by the government with public funds.

#### Related issues: Unethical conduct and Corruption.

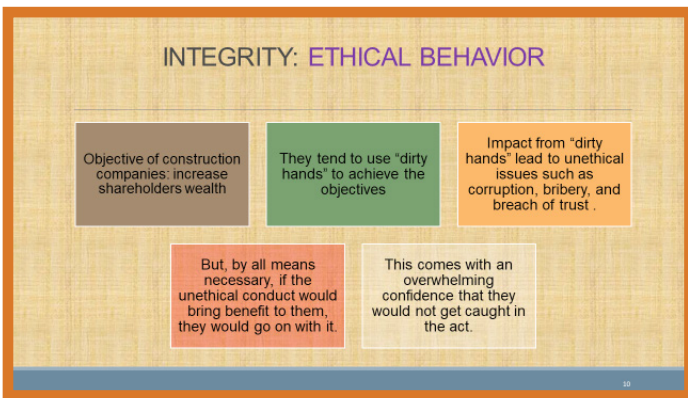
- » Corruption within the construction industry is a complex and a sensitive issue. The impact of the issues on the quality of the project completed cause public outcry as they are sometimes at substandard level.
- » Some of the communities of interest in the sector are: Engineers, Quantity Surveyors, and Architects are a group of professionals that are closely related to the Construction Industry.

Macwan'gi et al. (2017) state that corruption has crippling effects on national socio-economic development and governance systems. Despite many anti-corruption measures being implemented over the years, most governance and corruption indicators show that corruption remains a major challenge in Zambia. The 2014 National Corruption Diagnostic Study (GRZ, 2014) shows that corruption is the third most serious problem in Zambia (unemployment and high cost of living being first and second respectively). Similarly, the World Economic Forum's 2013-2014 Global Competitiveness Report identified corruption as the second most problematic factor (after access to financing) for doing business in Zambia; and the Global Economic Crime Survey-Zambia Report (PwC, 2014) indicate that bribery and corruption was the second most prevalent form of economic crime in Zambia.



“As a matter of fact, it is the contractors now who come up with proposals for developmental projects on behalf of the ministries, and government will allow the construction to go ahead depending on the bribe being offered, not the need for the said project.” News Diggers Newspaper 28 April 2018

Choice of procurement procedure: – who determines it? Is it the Constructor who sourced project finance and then informs the Ministry or Government Department where such funds would be used? The case of the Ndola-Lusaka road is a case in point, where a Contractor sourced the funds which were to be utilised on the road project. Such modes of funding are presumed to have been discussed outside the normal project formulation processes where a number of concerned people would have taken part in the determination of such a need. In this regard, there was no transparency in the process, hence the high project costs as corruption was suspected to have taken place.



The above caption shows how contractors go about getting contracts that affect public funds for their own benefits.

Conflict of interest would always occur in the Public Sector during pre-tendering stages. There are possible elements of “violation” of public interest in the construction industry. The public servant ranks as the most party that needs to be safeguarded of its interest during the process of selecting contractors as compared to others

Definition of requirements: – Who is involved in determining the requirements? Are the beneficiaries’ part of this process? The case of the 42 Fire Engines whose specification were generic but should be serving different fire challenges in the Local Authorities involving City Councils, Municipalities and Rural Town Councils, whose needs differ as their infrastructure differs too

**Measures in combating corruption in pre-tendering stages [best practice of carrying out these stages?**

Measure	Preventive measures in combating procurement corruption in pre-tendering stage
<b>Ethical Training</b>	Ethical training may be the most preferred choice of these measures in mitigating corruption issues in the construction environment as compared to other approaches.
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<b>Standard Operating Procedures</b>	Strengthening Integrity Committee Operations in Government Departments
<b>Punitive Action</b>	Review current practices...are they working?
<b>Selection Panel</b>	Use adhoc teams as permanent ones breeds corruption
<b>Staff Segregation</b>	For accountability of their actions

## Recommendations

### Short term measures:

- » Establishment of complaint systems in all government departments
- » Punitive action
- » Exemplary leadership role
- » Introduction of “integrity pact” pledge

### Medium term measures:

- » Establishment of “indigenous group”[Home-grown]
- » Involvement of media in promoting ethical society

### Long term measures:

- » Reviewing of the current specific law pertaining to unethical practices
- » Creating a corporate code of conduct and industry wide code of ethics

## References

1. Construction industry has been a “favourite” choice of fraudulent offender to commit corruption practice especially during procurement pre-tendering stage. (DFID, 2009)
2. Corruption effects on national socio-economic development and governance systems Macwan’gi et al. (2017)
3. News Diggers Newspaper 28 April 2018
4. Procurement corruption in public sector (Morais, 2008)
5. Vitoria and Kroeze (2015),