

Transparency International

**- PACS -**

**PROJECT  
ANTI-CORRUPTION  
SYSTEM**

**(CONSTRUCTION PROJECTS)**



# The need for anti-corruption action

1. 'Corruption' - includes bribery and fraud
2. Construction sector – perceived as most corrupt industry worldwide
3. Damage done by corruption:
  - Social
  - Economic
4. Action is essential



# Why is an anti-corruption system necessary?

1. Corruption on construction projects is complex
2. It can occur during any phase
3. It may involve a range of participants
4. It can take place at all contract levels
5. Anti-corruption measures must therefore impact on all these
6. Comparison with safety and quality



# About PACS

1. A system – a combination of tools
2. Applies only to projects
3. Will not interfere with procurement or other procedures
4. Is ready for use
5. Can be adapted to suit project requirements
6. Whole, or part, or individual modules can be used



# How to implement PACS

1. Decision to implement PACS:
  - Government
  - Project funders
  - Procuring entities
2. Project Owner is responsible for operating PACS



# Operation of PACS

1. PACS is easy to operate
2. All tools are provided
3. Instructions on how to operate PACS are provided



# Initial steps by Project Owner

1. Follows operating instructions (Module 15)
2. Appoints Independent Assessor (Module 2)
3. Sends out Anti-Corruption Notices to Government (Modules 8 & 9)
4. Sets up project website (Module 13)
5. Sends out Instructions to Joint Venture Members and Funders (Modules 16 & 17)



# Tender Phase

1. Project Owner sends to each tenderer the Instructions to Applicants (Module 18)
2. Project Owner and each tenderer:
  - Exchange and assess Disclosure Forms (Modules 3 & 4)
  - Sign an Anti-Corruption Agreement (Module 5)
3. Independent Assessor monitors & reports
4. Project Owner discloses details on website



# Execution Phase

1. Project Owner and major contractors are bound by Anti-Corruption Agreements
2. Major sub-contractors are bound by anti-corruption undertakings
3. Independent Assessor monitors & reports
4. Project Owner discloses details on website



# Independent Assessor

1. Critical to the PACS process
2. Nominated by a reputable independent institution
3. Contracted to the Project Owner
4. Paid by the Project Owner
5. Individual or organisation
6. Suitably qualified
7. Must act independently
8. His details provided on project website



# Independent Assessor's duties

1. To monitor project for corruption
2. To report breaches of A/C Agreement
3. To receive reports of corruption
4. To report suspicions of corruption to:
  - Project owner
  - Funders
  - Other participants
  - Professional institutions
  - Criminal authorities
  - Relevant government bodies



# Anti-Corruption Agreement

1. Signed by Project Owner and tenderer
2. Applies for duration of project involvement
3. Anti-corruption warranties
4. Co-operation with Independent Assessor
5. Transparency
6. Anti-Corruption Programme
7. Criminal and contractual penalties



# Anti-Corruption Programme

1. Integrity Manager
2. Senior officers – PACS information
3. Anti-Corruption Rules for Individuals (Module 11)
4. Anti-corruption training (Module 12)
5. Benefits Register (Module 14)
6. Reporting system
7. Details of Independent Assessor



# Training Manual

## Section 1: General anti-corruption training:

- What is corruption
- Liability for corruption
- Why avoid corruption

## Section 2: Examples of corruption

## Section 3: What to do when confronted with corruption



# Potential Problems

1. Corruption of Independent Assessor
2. Corruption of Integrity Managers
3. False information on project web-site
4. Government ignores anti-corruption commitments
5. Difficulty in monitoring corruption



# Cost of PACS

## Costs:

- Independent Assessor
- Project Web-site
- Management time
- Anti-corruption training

## Balanced against:

- Costs of corruption
  - Direct
  - Indirect
- Social and economic necessity



# Why use PACS?

Not a guarantee against corruption, but should:

- Reduce opportunities for corruption
- Increase chance of identifying corruption

Therefore PACS helps:

- Reduce project cost
- Increase project quality
- Satisfy public that corruption being tackled
- Provide assurance to funders
- Provide level playing field for contractors

