Corruption Risks in Infrastructure
Investments in Sub-Saharan Africa

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Abstract

The paper examines how Sub-Saharan African governments can reduce real and perceived corruption risks of transport and energy infrastructure projects. On one hand, there is rising interest by investors in projects co-financed by governments and development finance institutions (DFI). On the other hand, such complex contracting models increase the possibilities of concealing misconduct. Meanwhile, there is growing scrutiny around the world of issues relating to anti-bribery and corruption and an increasing risk of prosecution or debarment even for third-party misconduct. Consequently, real and perceived corruption risks discourage the mutually beneficial match of high return projects for private investors and closing Africa’s infrastructure gap. Desk research and expert interviews with key project stakeholders helped identify what they perceive as major corruption risks. These were categorised and illustrated by case examples.

The overall key finding is somewhat counterintuitive. Potential private investors in public-private infrastructure projects in Sub-Saharan Africa do not regard the tender process as the highest corruption risk. Rather, they are highly concerned about the transparency environment of the project origination (project appraisal, selection, design and budgeting), because misconduct at this initial phase gives leeway for corruption at later project stages. This carries an important message for DFIs
and other donors, who traditionally focus on promoting procurement reform. Together with host governments, they should instead award more attention to improving governance at the project preparation phase, as in most Sub-Saharan African countries these are carried out either poorly, or not at all. By recommending to reduce information asymmetry with investors on the project preparation, the paper urges policy-makers to better consider the perspective of investors in planning infrastructure projects.

**Key words:** corruption, governance, infrastructure, investment, risk, Sub-Saharan Africa
The opinions expressed and arguments employed herein are solely those of the authors and do not necessarily reflect the official views of the OECD or of its member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

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1. Introduction

The starting point of the paper was the recognition that foreign investments in infrastructure in Sub-Saharan Africa are deterred by the high level of corruption risks. The paper investigates the policy question of how governments can attract more foreign capital to infrastructure development by increasing investor confidence. It does so by examining what investors identify as major sources of corruption risks in such projects.

Specifically, the paper focuses on public infrastructure projects in transport and energy developed with a combination of public, private and DFI funding. The term “investor” refers to private investors from advanced economies (specialised investment funds, hedge funds, banks, institutional investors) with an interest in infrastructure development in the developing world, but exigent about the transparency and anti-corruption compliance of projects. Geographically, the research has primarily focused on Sub-Saharan African countries, which are most attractive to foreign investors due to their dynamic public infrastructure development programmes and high economic resilience (such as Ethiopia, Ghana, Ivory Coast, Kenya, Nigeria and Tanzania), or for their natural resources reserves (e.g. Mozambique). At the same time, the policy course proposed by the paper can be valuable for other Sub-Saharan African governments with similar ambitions and obstacles to infrastructure development.

Although corruption is conventionally defined as “the abuse of entrusted power for private gain,” this paper relies on a more universal and operational conceptualisation. It understands corruption as “favouritism in how public goods are handled and distributed,” the opposite of which is impartiality (Rothstein, 2014, 748). The suggested policy course is consistent with the broader anti-corruption literature, which increasingly emphasises the correlation between the quality of institutions and governance on one hand, and the level of corruption on the other hand (DFID, 2015; Persson et al., 2012; Rothstein, 2014; Rothstein, Tannenberg, 2015). At the heart of it, the two phenomena are mutually reinforcing: poor governance makes room for corruption, while corruption reinforces poor governance.

Methodology

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1 The paper is not looking at other risk areas, such as technical, commercial or currency risks. However, the corruption risks tackled here might constitute the root cause of risks of all other nature.
2 While infrastructure in telecommunications or renewable energy present an at least equally important segment of infrastructure development in Africa, they are usually bankable enough to be solely privately financed, without government or DFI funding.
3 For instance, by Transparency International: https://www.transparency.org/what-is-corruption/#define.
The analysis relies on combining evidence from existing literature (academic papers, policy reports by DFIs, NGOs and companies, etc.) with real-world viewpoints gathered through sixteen expert interviews. These were conducted with key stakeholders, such as investors, contractors, corruption and fraud investigators and representatives of DFIs and civil society organisations (for an anonymous list of the interviewees see the Sources). The aim of the interviews was to collect valuable first-hand observations and there is no intention to generalise these experiences. Admittedly, such expert interviews are subjective and provide unsystematic information. At the same time, they deliver invaluable insights on sensitive matters, which are rarely documented or mediatised, such as the real reasons for project failure.

The risk areas identified and categorised in chapter 3.2 are illustrated through case examples. Such a selection of projects could be affected by confirmatory bias, so the issues raised are not claimed to be representative for all infrastructure projects. The aim of the case boxes is solely to highlight the existence of certain types of risks that seem to be recurrent. While some of the cases present wrongdoings which were publicly prosecuted, others are hypothetical examples or sanitised versions of projects discussed during the interviews. Such caution was dictated by the lack of evidence, but also for the protection of the anonymity of the sources. Moreover, while the paper seeks to build on past experience, its purpose is entirely forward-looking: identifying risks, instead of bringing accusations.

2. Context: Corruption Deterring Investors

2.1. Private investments critical to closing Africa’s infrastructure gap

In order to sustain global growth forecasts, $1 trillion more needs to be spent on infrastructure globally, most of it in emerging markets and developing countries (Garemo et al., 2016, ix). In Africa, the current yearly $80 billion investment commitment (2015) needs to double by 2030. The sectors with the largest infrastructure challenges are energy and transport. Power demand and access are quickly growing, while road and rail density is the lowest in Africa in the entire developing world (World Bank, 2017, 7). At least 80% of goods and 90% of passengers are still transported on roads, mostly of poor quality. More railway is urgently needed to transport more efficiently primary commodities, the main exports of the continent (ICA, 2014, 6).

While these projects are usually funded through a mix of public budget, DFI and private funding, such infrastructure shortage can only be met by increasing the share of private capital. Investors are increasingly interested in such projects due to their long-term, predictable and relatively high returns. They also deem co-financing by DFIs a form of validation, because they provide guarantees, carry out
socio-economic evaluation of investments and set environmental and integrity standards (Gutman et al., 2015, 5). Finally, DFIs bring valuable local insight that foreign investors often lack.

In spite of the rising interest by investors, currently one quarter of private capital in infrastructure projects takes the form of concessional debts from China (ICA, 2016, 9). This is hardly sustainable, as African governments might default on the amassed debts. Instead, there is a need to shift from debt-fuelled infrastructure development towards public-private partnerships (PPP) and blended finance models (Jayaram et al., 2017, 73; Arezki, Sy, 2016, 3). DFIs are actively encouraging these solutions and governments, such as the Kenyan, Nigerian, Ugandan and South African are slowly establishing PPPs mostly in energy (78%) and transport (22%) projects (World Bank, 2017, 40).

2.2. Corruption risk among the main obstacles

One of the reasons investors are hesitant about capitalising on such opportunities is the high corruption risk of infrastructure projects. According to the OECD, half of bribes paid are in industries with the largest spending on infrastructure, namely the extractive (19%), construction (15%) and transportation (15%) sectors (OECD, 2014, 8). Among the main causes of such a high occurrence of corruption are the complexity of the project cycle, the uniqueness of projects, direct control by a government with often poor management practices, and a deep-seated “culture of secrecy” (Stansbury, 2005, 38). The effects of corruption on the project can be inappropriate project choice, high prices, poor quality, excessive time and cost overruns, inadequate maintenance and low returns. These impede the infrastructure’s contribution to economic growth and translate into reputational and commercial losses for the private investor.

Moreover, PPPs and blended finance models are much more complex, than traditional engineering, procurement, and construction (EPC) contracting models. Even with the ability to hedge risk through the creation of the special purpose vehicle (SPV), the scale of complexity increases the opportunity to conceal misbehaviour. For instance, PPPs can easily have over 1,000 contractual links, each of them dependent on other contracts in the chain (Stansbury, 2005, 38). All these provide a separate opportunity to pay a bribe or extract an undue benefit.

At the same time, not only are the financing models becoming more complex, so is the regulatory environment of these projects, increasing risks further for investors. Anti-corruption and bribery enforcement is on the rise, with new legislation emerging in many countries. In this context, private investors face three different levels of scrutiny:

1. **At home**: The most advanced economies have their own anti-corruption legislation applying to business conducted abroad. Others have at least ratified the OECD Anti-Bribery

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4 Other important reasons beyond the scope of this paper are: political instability, regulatory hurdles, market volatility, foreign exchange fluctuations and a shortage of bankable projects.
Convention (1997). The most rigorous legislations in place are the US Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act 2010, both extraterritorial in their application.

2. In the African jurisdictions: African governments are now also improving their domestic regulations and prosecution. This is happening for two reasons: either under the pressure of foreign donors tying their aid to reforms, or voluntarily to attract foreign capital [I13]. Foreign private investors need to count with these local prosecutions, because often they have stricter legislation, than the one provided by the investor’s home country. For instance, Nigeria criminalises “facilitation payments,” whereas the FCPA does not.

3. By DFIs: Whenever involved in the financing of an infrastructure project, DFIs stringently monitor the project’s transparency. Wrongdoing by one project participant can lead to debarment for all involved. Moreover, the 2010 Agreement of Mutual Recognition of Debarments bans them from co-financing from all signatory DFIs, not only the one participating in the given project.

3. Corruption Risks in Infrastructure Projects

3.1. Forms of corruption

The most common image of corruption in infrastructure projects is the main contractor paying a bribe to obtain a contract. While such practice is wide-spread, the payment methods are becoming increasingly sophisticated [I13]. Three out of four foreign bribery cases involve intermediaries, such as local subcontractors, consultants, agents or corporate vehicles (subsidiary companies, local consulting firms, offshore companies in tax havens) (OECD, 2014, 29). Moreover, as shown below in Figure 1, paying a bribe is by far not the only form of corruption in infrastructure projects:

Figure 1. Forms of corruption in infrastructure projects

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5 A bribe gives the person paying it something she would have normally not received, whereas “facilitation payment” eases the reception of a service that should have been anyway provided (Lawler, 2012, 24).
<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>DEFINITION</th>
<th>EXAMPLE</th>
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</thead>
<tbody>
<tr>
<td>Bribe</td>
<td>Payment to a government official for a favour (% of contract price).</td>
<td>Bribes can be paid by firms to:</td>
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<tr>
<td></td>
<td></td>
<td>• win contracts</td>
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<td></td>
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<td>• approve contract amendments and extensions</td>
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<tr>
<td></td>
<td></td>
<td>• influence auditors</td>
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<tr>
<td>Kickback</td>
<td>Payment by a successful bidder to a third party, who facilitated winning</td>
<td>Based on an arrangement made prior to bidding, the winning bid overstates</td>
</tr>
<tr>
<td></td>
<td>the bid (% of contract price).</td>
<td>the price to finance kickbacks.</td>
</tr>
<tr>
<td>Collusion</td>
<td>Agreements among bidders to manipulate the bidding process.</td>
<td>In “cover pricing” construction firms secretly agree the prices they</td>
</tr>
<tr>
<td></td>
<td></td>
<td>would submit during a tender and who would win. Public officials</td>
</tr>
<tr>
<td></td>
<td></td>
<td>maybe be involved in exchange for a bribe.</td>
</tr>
<tr>
<td>Bid rigging</td>
<td>Influencing bid price in a non-competitive way to tip the scale in</td>
<td>Most common forms:</td>
</tr>
<tr>
<td></td>
<td>favour of a contractor or consortium.</td>
<td>• manipulation of bid specifications;</td>
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<td></td>
<td></td>
<td>• sole-source contracts;</td>
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<td></td>
<td></td>
<td>• “highball”: winning bid sets price higher to finance kickbacks;</td>
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<tr>
<td></td>
<td></td>
<td>• “lowball”: bid sets price low in the contract, and will later increase</td>
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<tr>
<td></td>
<td></td>
<td>orders or addenda;</td>
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<tr>
<td>Fraud</td>
<td>Illicit documentary practices.</td>
<td>Most common forms:</td>
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<td></td>
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<td>• subverting qualification requirements;</td>
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<td>• diverting project assets;</td>
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<td>• setting up front companies to create the illusion of competition or</td>
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<td></td>
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<td>conceal ownership;</td>
</tr>
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**Source:** Author’s elaboration based on Paterson, Chaudhuri (2007, 162-163).

3.2. **Project origination scenarios signalling corruption risk**

Most of these corrupt practices take place around the tender process. Indeed, this is what donor-led reforms put most pressure on. Their efforts are usually concentrated around improving project implementation, particularly procurement. For instance, the so-called Public Financial Management and New Public Management reforms promoted by the DFIs in the 1980s and 1990s included reforming public procurement systems and introduced outsourcing to private companies.

However, the roots of corruption in the tender are often to be found in earlier project phases. As Figure 2 shows, the project cycle has many stages, and corruption affects each of them. Moreover, corruption during the early stages of project appraisal, design and budgeting may open doors for wrongdoings later on. The problem is that in states with weak governance system, such as the discussed Sub-Saharan African countries, it is exactly these phases that are either poorly executed or missing altogether (Wells, 2015, 5).

**Figure 2. Infrastructure project cycle and corrupt activities**
The need to devote more attention to project origination is pioneered by some civil society activists and was also confirmed by the expert interviews. Many respondents agreed that verifying how the contract was awarded by no means guarantees that the project was “clean” [I1][I2][I7][I9][I11][I16]. Instead, it also needs to be checked, whether the project preparation that took place prior to the investor’s involvement was in line with international best practices of transparency. Moreover, the wider project context has to be thoroughly analysed to detect threats to the project’s transparency and success prospects.

Desk research paired with the valuable first-hand experience of interviewees helped identify a series of initial project characteristics, which are typically indicative of corruption risks at further project stages. These are usually scenarios, where the project was launched in spite of its questionable feasibility or economic necessity (so-called “white elephant projects”), or where the project’s smooth execution is vulnerable to its high political sensitivity. In these cases, the project is exposed to increased risks of delays, suspension, lack of operational capacity, etc. Moreover, such projects are particularly conducive to wrongdoing throughout the project cycle, because in order to mask such defects, there is a high chance that further bribes will be paid (e.g. to obtain positive progress reports or audits).

The type of projects identified as indicative of high corruption risks can be categorised as follows:

3.2.1. Political “pet projects”

A project is pursued on a political basis, rather than for its socio-economic rationale. For instance, a politician or political party promotes it to gain constituency, or as a subject of inter-institutional infighting. In an extreme case, a new administration might even withdraw support for a project initiated by the previous one, or it might expropriate assets – the most common fear of foreign investors.
Even if there is no political turn-around, but there is significant political opposition to the project from the outset, this might expose it to false corruption allegations. These can seem credible in a country with overall poor governance system even with a lack of evidence. Such accusations can be politically motivated or might simply arise from the deep-rooted public mistrust in the country’s elite. In either case, the project can be suspended on grounds of such allegations. Even if the investor eventually disproves wrongdoing, avoids prosecution and retains DFI financing, the reputational harm is lasting.

### CASE A

A port was agreed to be built with foreign capital co-financing. Just three months after signing the contract and after initial construction had commenced, the project was cancelled by the new government. According to the official justification the project was oversized and its selection happened without consultation with the parliament. These were valid public concerns from the outset. However, it unquestionably contributed to the cancellation that the politician promoting the project had personal business interests and family ties in the region of the planned port, which compromised the transparency of the project origination.

### CASE B

The consortium in charge of building an airport was accused of winning the award on an uncompetitive basis. As a result, the co-funding DFI withdrew from the project. An independent bribery and corruption review process proved that the tender was competitive. Nevertheless, it also revealed that the construction of the airport was of high political sensitivity. It was seen as the flagship project of the incumbent administration and key to fulfilling its electoral promises. Thus, political opponents had good reasons to disseminate false allegations of corruption. These appeared credible despite the lack of evidence, due to the fact there was generally very little public knowledge on the tender process and the public entity in the PPP had close ties with the government.

#### 3.2.2. "Grey eminence” co-investor

A further scenario that foreign investors deem risky, is where they co-invest in an infrastructure project with a domestic public entity. In the absence of a particularly rigorous due diligence, the power structure connecting this entity with the government might be easily underestimated. This in turn exposes the project implementation to undue political influence and the corresponding forms of misconduct masking it.

### CASE C

A foreign investor purchased the majority equity of an infrastructure project. The remaining minority equities were bought by the country’s national pension fund. However, despite its minority stake, thanks to close its ties with the government the fund turned out to exercise *de facto* control on decision-making in the project implementation side-lining the foreign majority stakeholder.
3.2.3. Money-making machine projects

Unviable projects often get commenced out of mismanagement, negligence or a simple lack of government capacity to assess their feasibility. However, poor project preparation can also be deliberate, when the project is initiated in the first place for rent-seeking.

**CASE D**

A senior government official initiated the construction of an airport in one of the country’s remote regions, not because it was needed, but for the very purpose of enriching himself through the project. He made sure that the design of the airport was unnecessarily large and sophisticated enabling more bribes for himself. He promised to award the contract to a company on a non-competitive basis in exchange for building in a bribe in the contract price of 25% of its overall value. The airport was built, but is not in use in the absence of interest by airlines.

3.2.4. Misaligned expectations

A mismatch of expectations from the infrastructure project can arise, for instance, where the government accepts an unsolicited project proposal from a company, but lacks the capacity to verify the feasibility studies [I8]. However, sometimes public and private project participants engage in such unnecessary projects simply because they are a mutually beneficial “happy marriage” [I2].

**CASE E**

To export some of the world's highest-grade iron ore from Simandou, the Guinean government was planning a S20 billion infrastructure project. It would have consisted of the 650-km heavy duty standard gauge Transguinean Railways leading to a new deep-water port at Matamkong. However, despite lengthy planning and numerous transfers of licenses marred by corruption, the project eventually got stalled. Among the reasons was a commercial misunderstanding regarding access to the railway: the government refused to acknowledge that at the desired level of coal production and exportation the railway would be unable to simultaneously provide passenger services [I16].

3.2.5. The “resource curse” of projects

Infrastructure related to natural resources has a particularly high risk of corruption because of the high returns it promises to both public and private stakeholders. This is a further “curse” of resource extraction, because it constitutes enough motivation to conceal the technical and commercial uncertainties surrounding the project and launch it despite its questionable future. The prospect of high returns also fuels corruption at all stages of the project cycle. Some of the issues to be considered in verifying the feasibility of the project: will the deposits really be exploited? Do future commodity prices promise profitable exports? Is the necessary infrastructure in place for the entire export route?

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6 In its original meaning “resource curse” refers to the paradox that countries with an abundance of natural resources tend to have less economic growth, than countries with fewer natural resources.
3.3. Real vs. (mis)-perceived risks

While there are many scenarios in which investors failed to identify early indicators of misconduct, an exaggerated reliance on perceptions can be a trap at the opposite extreme. Lack of information and/or careful analysis of the project origination environment and the parties involved can produce a costly misjudgement of the corruption-risk level of the project by either under- or overestimating it. There is a great deal governments and DFIs can do to help potential investors navigate perceptions and rightly assess corruption-related risks.

3.3.1. Misleading rankings

Even the most commonly accepted governance indices can fail to reflect realities on the ground. This applies both to international rankings (e.g. Transparency International’s annual Corruption Perception Index – CPI, or the World Bank’s Worldwide Governance Indicators) and to private risk-assessment firms’ indices (e.g. the International Country Risk Guide). The reason is that their measurement relies on perceptions, as real information on corruption is close to non-existent (Lawler, 2012, 26). Such rankings are further biased by focusing on a narrow conception of corruption, while ignoring its international dimensions often involving “third parties” (UNECA, 2016).

Such rankings can be misleading either way. Certain countries have overly optimistic ranking partly because their governments pursue effective investment promotion campaigns abroad (e.g. Rwanda and Ghana). More common for Sub-Saharan Africa is, however, that corruption perceptions overrate risks for investors because the continent is often viewed as a homogeneous block. Counterintuitively, African countries with relatively better established governance systems have less de facto corruption risk, than emerging markets popular among investors, like Brazil or China [I2]. Yet investor perceptions remain guided by rankings like TI’s CPI, which ranks Tanzania (116) and Ivory Coast (108) much lower, than China (79) and Brazil (79).7

7 The index ranks 176 countries on a 0-100 scale with 0 being highly corrupt and 100 very clean: https://www.transparency.org/news/feature/corruption_perceptions_index_2016.
3.3.2. Misleading reforms

Corruption perceptions can be also misleading, because of incorrectly judging reforms undertaken. On one hand, genuine governance and anti-corruption reforms often remain unrecognised by risk perceptions (Collier, 2008, 88-91). Indeed, they are much fragile and can be easily reversed in the event of political changes, or if they were purely donor-driven. On the flip side, spectacular anti-corruption reforms can be fake and guided by political or populist motivations. This is often the case, when a new administration wants to project itself as clean in juxtaposition to the old one by scrutinising projects launched during the previous tenure. This was the case, for instance after elections in 2014 in Mozambique and in 2015 in Tanzania [I4]. Paradoxically, under the guise of anti-corruption campaign the new administration might also profiteer. It can attempt to retain for itself the assets recovered as a result of the investigation and prosecution of misconducts by the previous government [I4].

Sometimes overly zealous anti-corruption campaigns employ exaggerated caution damaging the prospects of raising private financing. For instance, in Tanzania the new president refuses to meet in person with private investors to avoid potential allegations of political influence [I2]. While such gestures might carry symbolical value for the public, they by no means guarantee that there are no other forms of non-transparent behaviour around the project development.

3.3.3. Country vs. institution

Mindful of how misleading corruption perceptions can be, the biggest error is judging an investment opportunity based on country-level indicators. Instead, investors need to consider the particular public entity in charge of the infrastructure project. It can occur that despite corruption prevalent in many other sectors and/or the public administration in general, the given institution has undergone internal reform or is headed by a public official with integrity and commitment to transparency. In this case investment in the project can prove fruitful, despite the initial appearances.

**CASE G**

For decades, the country has been notorious for its high level of corruption, nepotism and concentration of power around the ruling family. Facing increasing energy shortages, the government embarked on building a new hydro-electric power plant with foreign private investment. Instead of direct engagement by the government, the public equity partner in the project was a specialised investment fund. In contrast to most other public entities in the country, the fund had been widely recognised for its competence and clean business conduct. Moreover, the power plant was universally viewed as a sensible contribution to the country’s development plan and thus generated no political opposition. In result, in spite of the bad reputation of the country, the investment decision proved successful as the project implementation took place in a transparent environment.
4. Recommendations

While the prosecution of corrupt practices in infrastructure projects is on the rise globally, the increasingly zealous global anti-corruption scrutiny has the side-effect of crowding out “honest” investors to the benefit of those with more permitting ethical standards [I4][I11]. Consequently, prosecution needs to go hand in hand with prevention by reducing opportunities for illicit activity through improved project governance. The most conventional form of this is procurement reform. However, in spite of being high on donors’ agenda, there is “remarkably scarce” global evidence on the effectiveness of procurement reform on anti-corruption (DFID, 2015, 85). While such measures can to some extent eliminate conventional forms of bribery, they deal less well with the emerging more sophisticated payment practices executed through intermediaries [I13]. Moreover, procurement reform does not address corruption preceding the tender.

As such, it is recommended that African governments and DFIs place more emphasis on prevention at the earlier project phases, which are particularly susceptible to corruption and open the door for wrongdoing at later stages. This would reduce both real corruption risks and perceived ones, thereby increasing investors’ confidence. DFIs could play a particularly important role in bridging the gap between real and perceived risk, particularly in the case of institutional investors, who lack local expertise, but have an immense untapped capital potential to invest in Sub-Saharan African infrastructure.

To improve governance at the project preparation phase and thus reduce corruptions risks:

- The project preparation should be divided in four distinct steps: (1) project development and initial screening, (2) formal project appraisal, (3) independent appraisal review and (4) project selection and budgeting (Wells, 2015, 3). It should be assessed in each country, which of them are missing, which are ineffective and whether this is purposefully serving someone’s interest. A country-specific political economy analysis will help identify such issues, as well as the most adequate entry points and measures to tackle them (Wells, 2015, 19).

- Build capacity within the relevant ministries, regional or local governments for project appraisal, budgeting and design. It is important to ensure that each of these project phases takes place in an entity with the necessary capacity [I8].

- Improve the transparency of the decision-making procedures surrounding the project preparation, for instance through full disclosure of the feasibility studies.

- Use various novel tools co-developed by DFIs and NGOs that help evaluate and benchmark project preparation in line with international practices. The most notable ones are the Project Assessment Tool of the Global Infrastructure Facility and the International Infrastructure Support System of the Sustainable Infrastructure Foundation.
To improve perceptions of corruption risks and give more credibility to the projects from the outset, governments should try to reduce the information asymmetry by the following measures:

- Launch comprehensive government investment programs with standardized features that reduce investors’ costs of gathering and processing information.
- Engage regularly with potential investors at the level of the relevant public entities (Ministry of Finance, Transport, Energy, etc.) to assure them about the governments’ full commitment to the project (detect projects initiated for rent-seeking) and to manage and synchronise expectations from the project on all sides (avoid a misalignment of commercial and political interests) [I3].
- Establish non-partisan government agencies that can participate in the public-private contracting models instead of the direct involvement of the government. A good example is the Gabon Strategic Investments Fund known for its high professional standards and track record of delivering public-private infrastructure projects. Even if country-level corruption indicators take much to enhance, a trustworthy institution can win investors’ confidence.
- Improve the credibility of the government entities in charge of infrastructure projects by implementing organisational controls to prevent bribery, such as the ISO 37001 Anti-bribery Management System Standard recently published by the International Organization for Standardization. Compliance with these sets of anti-corruption policies and procedures helps the organisation give plausible assurance to investors, particularly in a country with otherwise weak governance perceptions [I11].
- Become a member of the various global transparency initiatives, such as the Open Government Partnership, Open Contracting Partnership or COST. This requires introducing best practices, which will not only improve infrastructure governance, but will also send an important signal towards investors.

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8 For more on how the ISO 37001 can be implemented by organisations, see the guidelines compiled by the Global Infrastructure Anti-Corruption Centre: http://www.giaccentre.org/ISO37001.php.
Sources

Anonymous Interviewee List

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<th>In-text reference</th>
<th>Interviewee by sector</th>
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<td>I1</td>
<td>Investor</td>
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