



INTERACTIVE WORKSHOP: ADDRESSING INTEGRITY VIOLATIONS IN INFRASTRUCTURE PROJECTS

Case study

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Opportunities of undue influence and
capture in infrastructure projects

5 December 2019



Test question: who has a background in...?

- a) Accounting (orange)
- b) Police / law enforcement (blue)
- c) Law (yellow)
- d) Political sciences, social sciences (green)



The case was inspired by two real-life cases of undue influence and corruption in the construction of major sporting infrastructures, including one at the local level in France.



Context of the case

- The City Council of a municipality adopts a project on the construction of a new stadium, in preparation of a major sporting event hosted in several cities of the country
- The investment is carried through a Public Private Partnership (PPP);
- Some opposition members of the city council favoured the renovation of the current stadium instead of the construction of a new one, which was deemed too big to host the local football team after the end of the major sporting event.
- A private operator is chosen for the construction of the stadium



Undue influence in the needs definition and strategic planning phase

- After the sporting event, the press reports that majority members of the City Council were influenced to vote for the development of a new stadium instead of renovating the existing one;
- Company representatives met with advisors to the mayor months before the investment decision (there are no lobbying laws applicable to the local level nor any legal requirement to make agendas public)



What is the most visible integrity problem in this case?

- a) Lobbying (orange)
- b) Lack of transparency on public/private interactions (blue)
- c) Too much discretion of high-level public officials (yellow)
- d) Perception of undue influence, because of lack of transparency in the decision making process (green)



Political party financing influencing the investment decision and choice of operator

- There was a **close relationship between the chosen construction company and the mayor**. In particular, the construction company's **donations for the mayor's political party increased significantly on the election period when the mayor was running for a third term**;
- The company paid tickets for a major sporting event to several key public officials, and also **funded the mayor's private consumption** (construction materials for his home)
- In the legal framework, there is no ban on corporate donations to political parties and candidates, but maximum ceiling for corporate donations in favour of a single party. The City Council does not have any gift policy.



What mechanism of wrongdoing is at play?

- a) Support to the election campaign (orange)
- b) Direct contribution to the private consumption of a key public official (blue)
- c) Establishment of a relationship overtime with the mayor (yellow)



Audit reports did not reveal any breaches

- A study on the social, economic and environmental feasibility of the project was conducted prior to the investment decision
- There is no legal requirement for the mayor and his advisors to make their agenda public
- An external audit on the criteria and the conditions in which the investment decision was made and the choice of operator did not reveal any breaches



Which statement do you agree with most?

- a) The case is not problematic if no breaches of the legal framework were detected (orange)
- b) Undue influence achieved through a more stable relationship established overtime with key public officials with high levels of discretionary power (blue)
- c) There should have been real-time audit (yellow)



What are the policy solutions to the issues identified in the case study (undue influence, political party financing, bribery of public officials etc.)?

What would be the main challenges to implement these solutions?



THANK YOU