



Session 1:

Transport Sector Integrity from a Sustainable Development Perspective

Transport Integrity in the Arab Region: Risks, Solutions and the Roles of Stakeholders
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Overview



- 1. Transport and the SDGs: Enabler or Obstacle?** *Exploring the dual role of transportation in advancing—or hindering—sustainable development in the Arab region.*
- 2. Unpacking Corruption in Transport: What, How, and Why It Matters** *Understanding definitions, types, real-world examples, and the socio-economic impacts of corruption in the transport sector.*
- 3. Turning the Tide: Strengthening Integrity in Transportation** *Recommendations and pathways for building transparent, accountable, and resilient transport systems.*

The transport sector paradox

“Transport is unique as the **only development sector that worsens as incomes rise**. While sanitation, health, education and employment tend to improve through economic development, traffic congestion tends to worsen.”

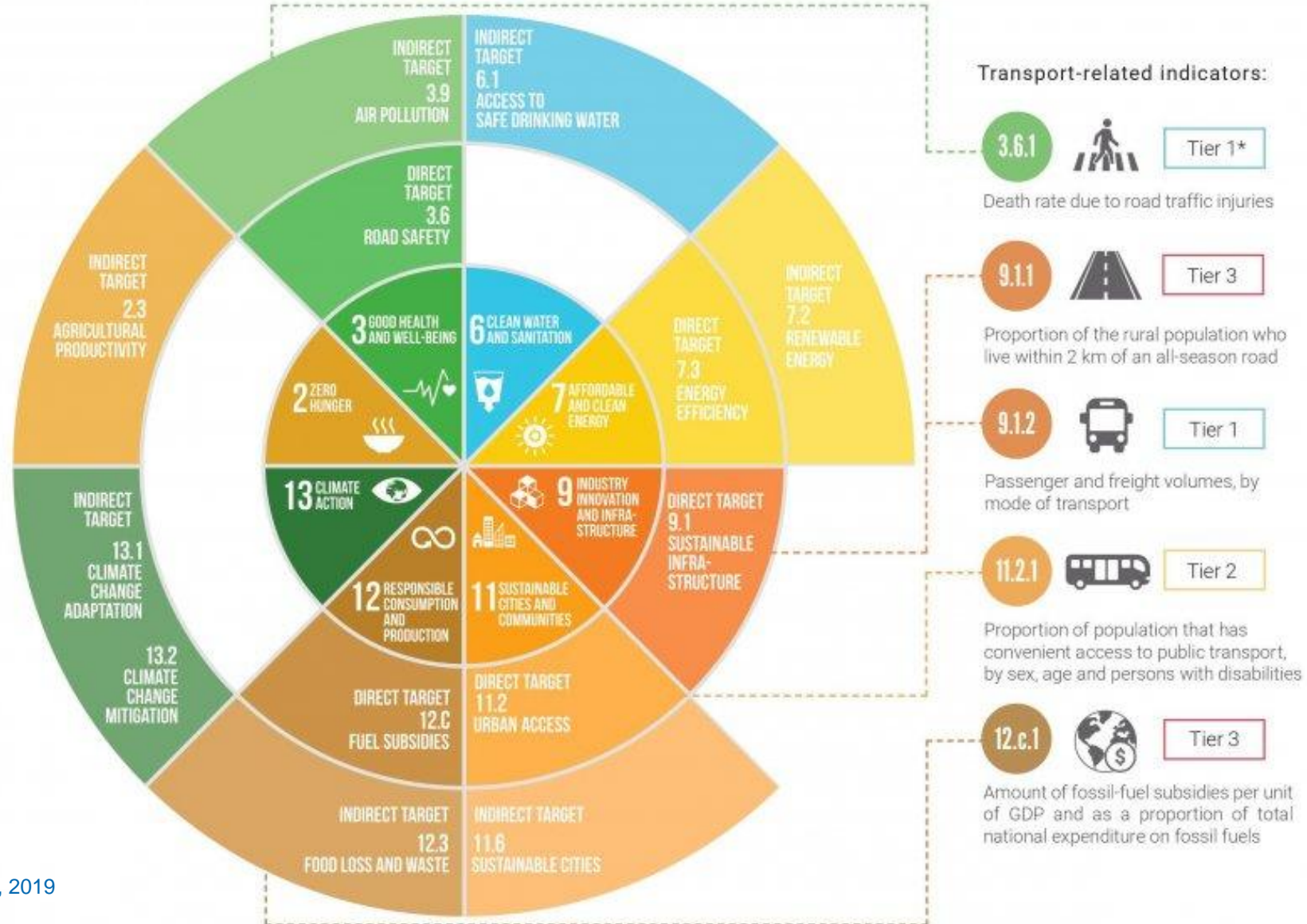
Source: GIZ



Source: “Government agencies grapple with increased traffic in Tunis” CGTN Africa, 2018

Relationship between Transportation and the SDGs

- A Cross-cutting theme in the 2030 Agenda.
- Supports the achievement of at least 8 of the 17 SDGs
- Makes direct contributions to 5 and indirect contributions to at least 8 SDG targets
- Directly related to five SDG indicators.
- Without reliable public transport systems, young people cannot attend school (SDG 4, 11), women cannot access opportunities for employment and empowerment (SDG 5), and climate targets (SDG 13) cannot be achieved until we curtail greenhouse gas emissions from transport.



Defining corruption in Transportation

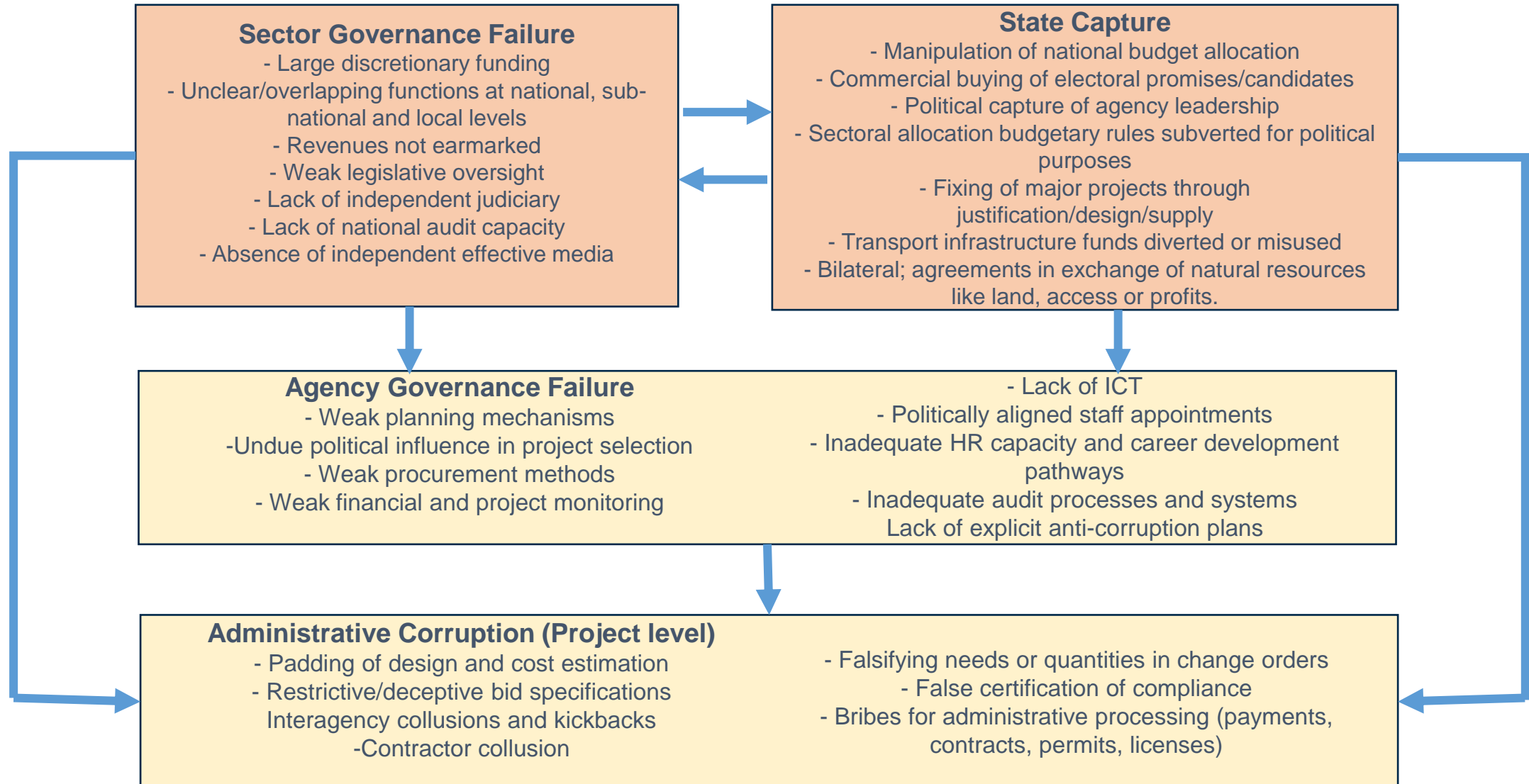
“In transport, corruption includes **pilferage** of materials and equipment, **manipulation** of contracts for works, goods or services or **award of concessions** for private sector operation of rail, port, air or road facilities and services.”

- Paterson et al., 2007



Source: GIZ, 2012

Typologies for Transport Sector Corruption



What makes the transport sector susceptible to corruption?



- Capital spending in transportation projects is largely government driven and highly discretionary
- The transportation sector is highly technical requiring multiple contractual links, highly specialized skills and capacities which makes oversight difficult.
- The size and scale of projects make them infrequent and landmark, makes it easy to inflate costs and claims and hide bribes and once started, they must be completed at all costs.
- In most developing countries, transport as a sector is viewed to be an “institutional orphan” as it lacks a single unified entity to manage all its functions and is characterized by multiple agencies.

Corruption negatively affects transport sector outcomes, our cities and our lives...



TIME



OPPORTUNITY



POLLUTION



PUBLIC SPACES



HEALTH



SECURITY



Corruption negatively affects transport sector outcomes, our cities and our lives.....(cont'd)

COMFORT



SAFETY & WELL BEING



ECONOMICS & JUSTICE



CLIMATE CHANGE



FINANCIAL PERFORMANCE



TRUST IN GOVERNMENTS



Source: GIZ, ITDP & web news articles

UNITED NATIONS DEVELOPMENT PROGRAMME

Understanding Where Corruption Takes Hold in Transportation and corresponding policy implications



Regulation & Licensing: Bribery, kickbacks, and fraud can compromise the integrity of permits, operational standards, and enforcement.

- *Policy Implication:* Strengthen oversight of licensing processes and implement robust enforcement mechanisms.

Planning & Design: Manipulation of data and feasibility studies can lead to unnecessary or poorly conceived projects.

- *Policy Implication:* Ensure transparent and independent needs assessments and project prioritization.

Procurement & Contracting: Bid rigging, collusion, and fraudulent practices inflate costs and compromise quality.

- *Policy Implication:* Implement open, competitive tendering processes with strong anti-corruption safeguards.

Implementation & Operations: Opportunities for corruption exist in construction, maintenance, inspections, and revenue collection.

- *Policy Implication:* Enhance monitoring and auditing throughout project implementation and operational phases.

Recognizing the Processes leading to Corruption in Transport Processes

1

Bribes & Kickbacks:

Influence decisions at all stages, from pre-qualification to contract completion and payment.

Affected Processes: Permitting, contracting, inspections, project approval.

2

Collusion & Bid Rigging:

Manipulate bidding processes to favor specific entities, undermining fair competition.

Affected Processes: Tendering and awarding of contracts.

3

Fraud & Illicit Practices:

Subvert requirements, inflate billing, and misappropriate assets.

Affected Processes: Procurement, contract compliance, financial management.

4

Manipulation of Standards:

Compromise safety, environmental, and operational norms for personal gain.

Affected Processes: Setting and enforcement of regulations and specifications.

5

Abuse of Power:

Favoritism and nepotism in appointments and project allocation.

Affected Processes: Project selection, resource allocation, human resource management.

Examples of instances of corruption and detrimental impacts on SDGs



- **Safety and Quality Compromised:** Bribes can lead to the approval of unsafe vehicles, infrastructure, and practices, endangering the public.

Example: Officials accepting bribes for issuing licenses to unqualified drivers or overlooking safety standards in construction.

- **Unequal Access and Opportunity:** Corrupt decisions can skew transportation development, limiting access for certain groups and hindering economic opportunities.

Example: Funds directed towards projects benefiting specific groups or catering only to car owners, neglecting public transport.

- **Erosion of Fairness and Equity:** Favoritism and bribery can lead to resources and services being unfairly distributed.

Example: Subsidized transport benefiting one ethnic group over others or infrastructure prioritizing affluent areas.

- **Waste of Human Potential:** Nepotism and corruption in hiring prevent qualified individuals from contributing to the transport sector.

Example: Underqualified individuals appointed due to connections, while competent professionals are overlooked.

Regulation in Shipping & Maritime sectors

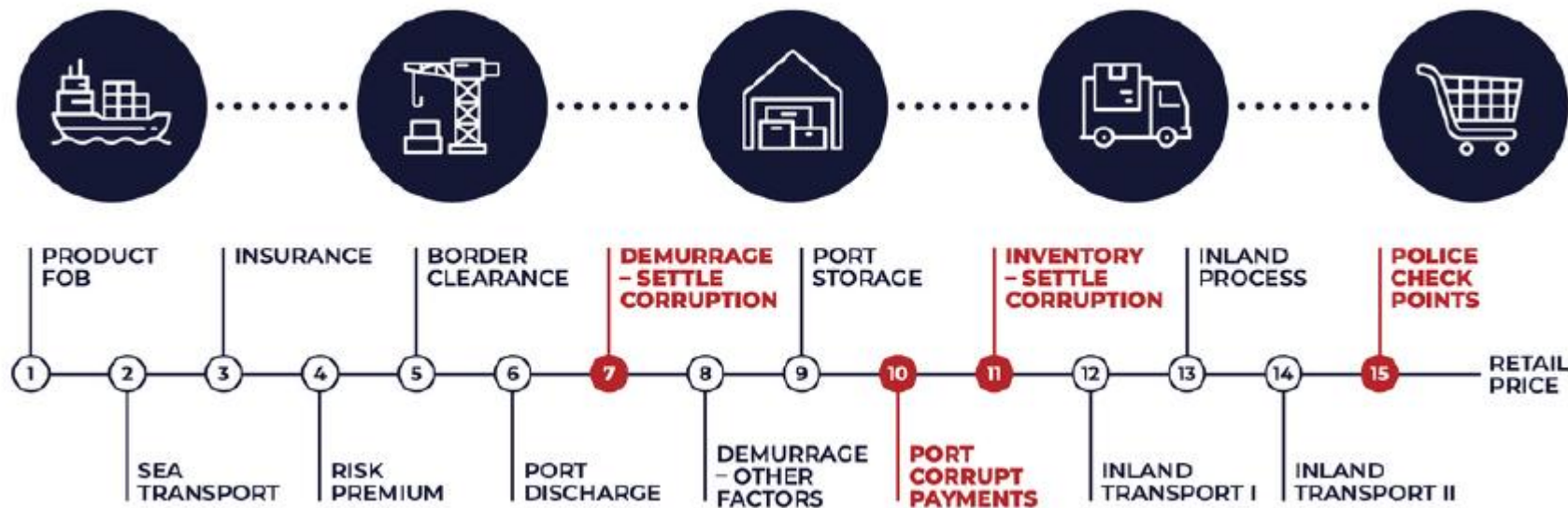
- The logistics of maritime import and export of merchandise **involve considerable interactions with government officers of that country e.g., customs officials, import/export licensing officials, product safety certification and standards officials etc.**
- Reasons include **lack of transparency in regulations, codes, processes, incentives for reporting and whistle-blowing polices.**

Regulatory area	Corruption vulnerabilities
Customs	<ul style="list-style-type: none"> • Under-invoicing by exporter (issuance of false commercial invoice to avoid custom duties for importers) • Illegal Facilitation payments to customs officers • Absence of automated process for clearance documentation • Frequent rotation of custom officials
Code of conduct for staff, guidelines and SOPs	<ul style="list-style-type: none"> • One of the many duties of a marine surveyor includes the inspection of the vessel before it docks into the arrival port. Facilitation payments to Marine Surveyors and port personnel to enter a port (usually before inspection of cargo) • Interpretation of definitions and guidelines. • Weak ethics infrastructure in port agencies: no code of conducts for port personnel, no effective system for handling grievances and protecting whistleblowers
Bidding processes	<ul style="list-style-type: none"> • Manufacturers/exporters favoring certain shipping and commercial vessel companies during bidding processes • Bribes paid to gain contracts
Payments	<ul style="list-style-type: none"> • Letter of credit (LC) meant to ease payments in international trade, can be bought at discounted rates by importers, illegally.



Source: CurbingCorruption.com: Shipping sector review, Deloitte (2015)

Maritime Anti-Corruption Network (MACN)



Direct and Indirect Costs of Corruption

Maritime Anti-Corruption Network (MACN)



“By saying No to maritime corruption, the damage of corruption for the maritime industry is significantly reduced with close to USD 114,000 per import shipment.”



“The cost of corruption is over USD 182,000 per import shipment – a significant cost that is borne by the private sector, but that has severe knock-on effects further down in the supply chain.”

Example : Roads sector management

Management area	Corruption vulnerabilities	Potential actors
Pre-construction	<ul style="list-style-type: none"> • Social and environmental audits and assessments • Negotiation of resettlement issues • Selection of design, materials, methods of construction 	<ul style="list-style-type: none"> • Relevant Ministries • Private sectors • Land registry office
Construction	<ul style="list-style-type: none"> • Quality control and following specifications • Time and cost overruns due to labour issues • False invoicing for machinery and equipment • Rectification of defects 	<ul style="list-style-type: none"> • Private sector • Government agencies
Road Management	<ul style="list-style-type: none"> • Division of roles and responsibilities • Lack of adequate human and fiscal resources • Lack of capacities to monitor work of consultants • Inadequate reporting lines 	<ul style="list-style-type: none"> • National, regional and local governments • Private sector
Financial management	<ul style="list-style-type: none"> • Transfer of funds between agencies • Weak internal controls on revenue and expenditure management • Weak accounting and record keeping • Insufficient powers to approve funds • Quality of internal audit • Budget preparation capacities and processes 	<ul style="list-style-type: none"> • Ministry of Finance • Other relevant ministries • Court of audit • National, regional and local government



Red Flags for Capital Transportation Projects- Pre & During Bidding (Solicitation)



Improper Contractor Interactions: Unofficial communication, social ties, or financial interests between government personnel and contractors.

Special Bid Assistance: Government aiding specific contractors in bid preparation.

Subcontractor Steering: Recommending specific subcontractors to favored bidders.

Late Bid Acceptance: Improperly accepting bids submitted after the deadline.

Document Falsification: Altering documents to facilitate late bid acceptance.

Low Bidder Withdrawal: Suspicious withdrawal of the lowest bidder, potentially becoming a subcontractor to a higher bidder.

Collusive Bidding Indicators:

- Identical or unusually high bids.
- Fewer bidders than expected.
- Large gap between the winning and other bids.
- Recurring patterns of low bids by specific companies in certain areas or sequences.
- Successful bidder subcontracting to higher bidders.
- Close bids on non-standard items.
- Correlation between winning bids and contract size.
- Contractors consistently bidding against or avoiding each other.

False Contractor Certifications: Misrepresenting business size, price independence, financial capabilities, or past performance.

Post-Knowledge Bid Changes: Altering a bid after knowing competitors' prices.

Red Flags for Capital Transportation Projects - Bid Evaluation & After Contract Award (Post-Solicitation)



THE WORLD BANK GROUP

WASHINGTON, D.C.

TRANSPORT PAPERS

TP-27
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Detering Corruption and Improving Governance
in Road Construction and Maintenance



Improper Bid Disqualification: Unfairly rejecting bids from qualified contractors.

Hiring Known Fraud Perpetrators: Employing individuals with a history of defrauding the government.

Overpayments/Duplicate Payments: Paying contractors excessively or multiple times without recovery.

Lack of Accounting Reconciliation: Irregular checks of contract payments, transactions, and inventory.

Incorrect/Incomplete Cost Proposal Data: Using outdated or inaccurate cost information.

Unsupported Billings: Invoices lacking proper documentation or reflecting inaccurate project status.

Significant Price Increases: Large cost hikes without corresponding work increases.

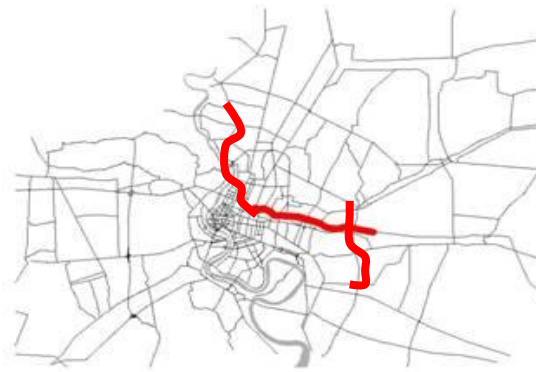
Unauthorized Subcontracting: Substantial subcontracting without contracting officer approval.

Failure to Meet Specifications: Contractor not fulfilling the agreed-upon requirements.

Choosing Bus or Rail- What can a city choose to build for 1Bn USD?



426 kilometres of Bus Rapid Transit



40 kilometres of Light Rail Transit (LRT)



14 kilometres of elevated rail



7 kilometres of subway

While a first-class bus rapid transit system could be a clear winner here due its:

- Proven feasibility through ridership analysis
- Flexibility and door-to- service
- Low cost/lower debt
- Affordability
- Accessibility
- Lower overall lifecycle emissions

However, it might get rejected in favour of a subway or elevated rail due to:

- Opposition from rich voters who drive cars and do not want a lane of road to be taken away by buses
- Smaller share of the 'pie'
- Political imagery that associates development with metros rather than buses

Improving Transportation Governance

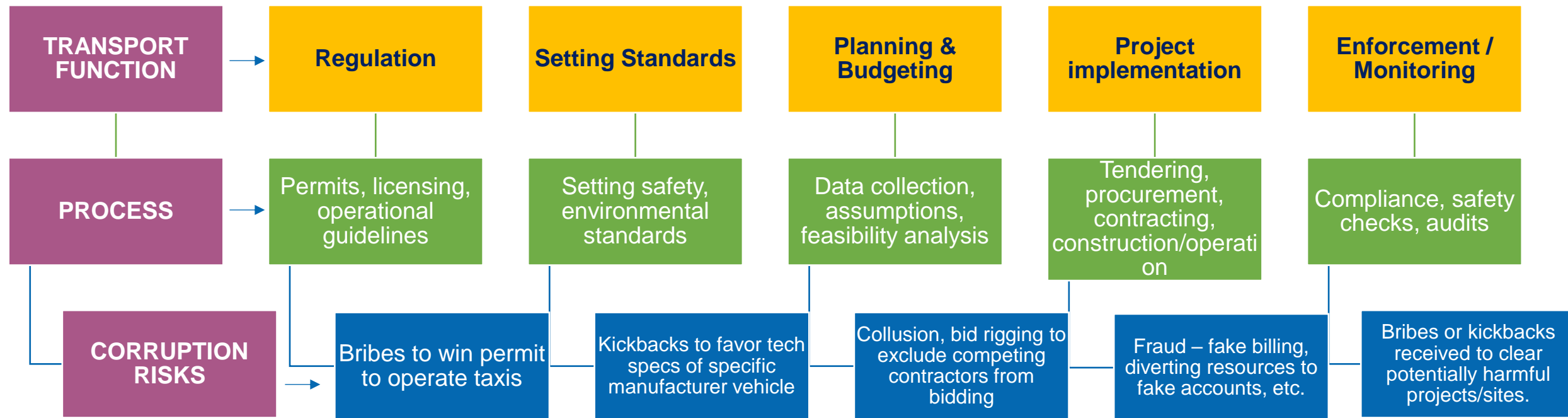


UNDP's Sectoral Corruption Risk Management (SCRM)

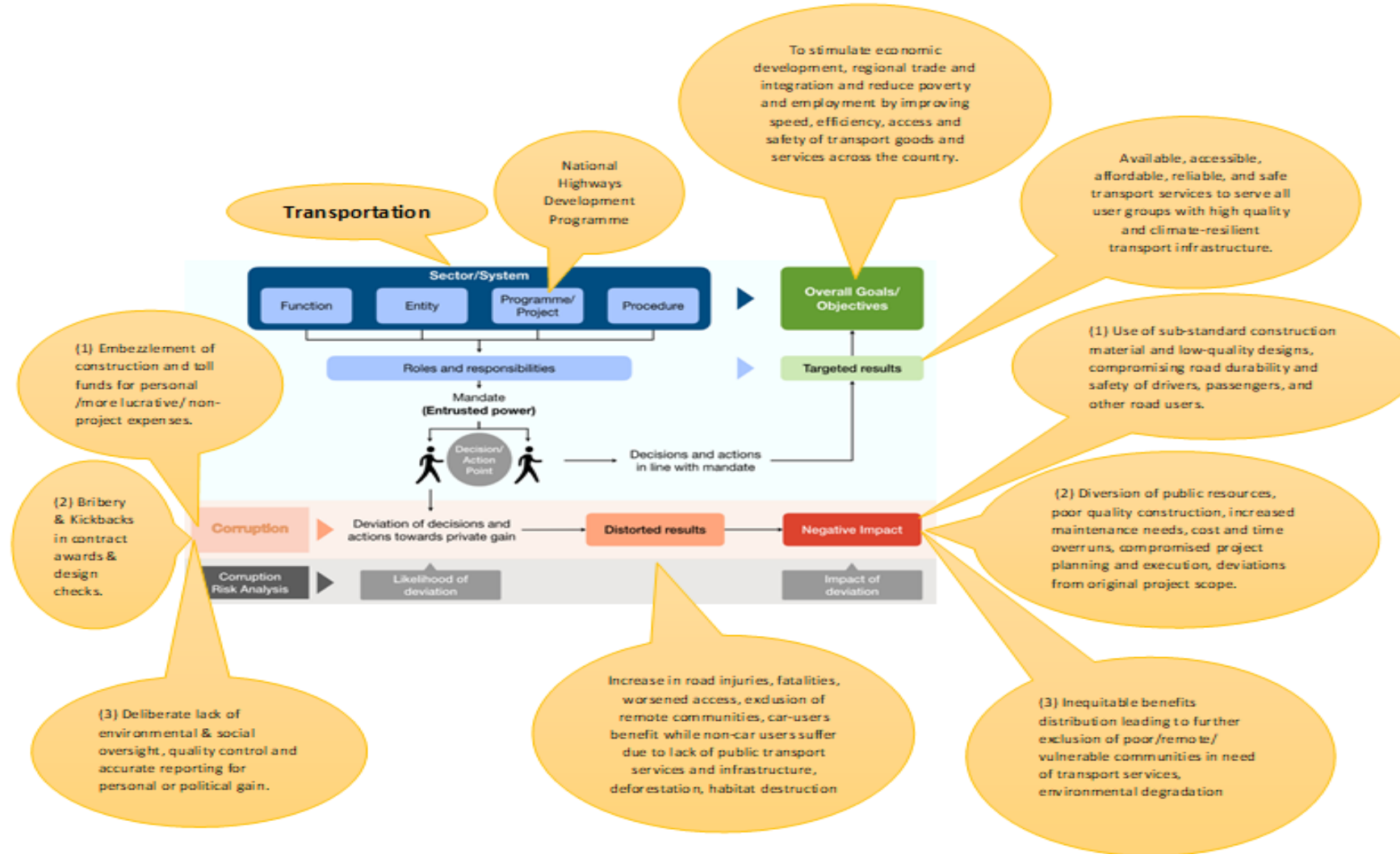
- ***Proactive, Not Reactive:*** Treats corruption as a risk—not just a past offense.
- ***Risk-Based Prevention:*** Uses Corruption Risk Assessment (CRA) to identify, prioritize, and treat risks before they occur.
- ***Systematic Approach:*** Applies process mapping across transport entities, functions, or projects.
- ***Targeted Controls:*** Focuses on decision points where corruption is most likely and impactful.
- ***Fit-for-Purpose Governance:*** Informs reforms, strengthens institutional frameworks, and aligns with transport sector goals.
- ***Tailored Tools for Arab States:*** Includes a dedicated transport-specific guide and training materials.



Using the SCRM, we can identify instances of corruption in transportation governance for each functional area

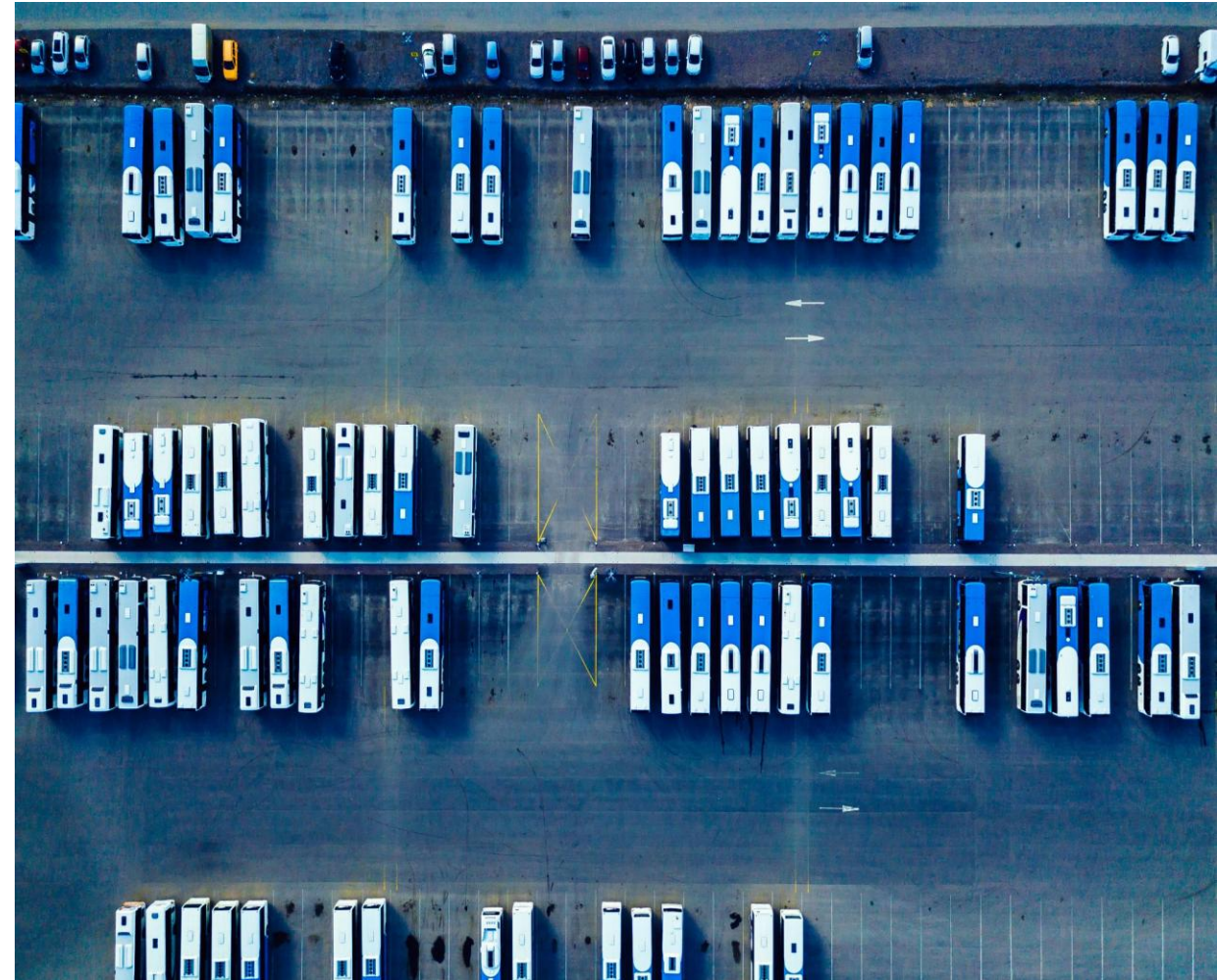


Example: Applying the SCRM- Corruption in a National Highway Development Project



Aligning Transportation and Anti-Corruption Efforts

- **Understand Corruption Patterns-** Analyze corruption modes in each transport subsector to design targeted controls.
- **Strengthen Enforcement & Prevention-** Combine legal enforcement with preventive measures to build systemic integrity.
- **Build Oversight & Integration Mechanisms-** Equip ministries/departments with institutional capacity to detect and deter corruption.
- **Leverage International Best Practices** - Learn from global standards, protocols, and reforms in transport governance.
- **Enable Multi-Stakeholder Collaboration-** Engage media, civil society, and private sector for accountability and transparency.
- **Support Capacity Building-** Train staff and improve institutional skills to manage investments effectively.
- **Respond to Emerging Sector Trends**
 - Prioritize affordable, accessible, and gender-inclusive mobility
 - Enhance regional connectivity via multimodal hubs
 - Support logistics/e-commerce with efficient infrastructure
 - Promote sustainability via clean fuels & urban planning



Source: UNESCWA and others

Learnings from MACN & Future Directions for the Arab States for enhancing integrity in the transportation sector



- **Strengthening Due Diligence:** Tools to identify illicit vessels and enhance transparency in vessel ownership and transactions.
- **Improving Contractual Clarity:** Reforms to balance anti-corruption responsibilities across the maritime supply chain.
- **ESG & Anti-Corruption Metrics:** Advancing meaningful, reportable indicators to distinguish integrity-driven organizations.
- **Leveraging Data Platforms:** New tools (e.g., upgraded incident reporting system) support risk-informed operations and strategic interventions.
- **Building on Global Collective Action Insights:**
 - Local Partnerships Matter: Tailored strategies in countries like Egypt, Indonesia, and Ukraine are driving regulatory and port-level reforms.
 - Data-Driven Approaches: Surveys and risk mapping (e.g., Senegal) enable targeted solutions and informed engagement.
 - Wartime & Crisis Contexts: Emphasize need for transparency and governance continuity in fragile environments

Recommendations

- Establish regional data and incident reporting systems.
- Build and adopt tools and capacities for due diligence and risk mitigation in procurement and contracts.
- Foster multi-stakeholder forums with anti-corruption authorities, businesses, and civil society.
- Integrate ESG-aligned integrity standards into national and regional transport frameworks.

We would love to hear from you other suggestions and existing good practices from the region!



Thank you

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