Water Governance: Applying Anti-Corruption in Water

Capacity Building Workshop for Improving the Performance of
Water Utilities in the African Region
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Dr. Håkan Tropp

Stockholm International Water institute

"The water services crisis is essentially a crisis of governance"

Governance is about how we as individuals and as a society govern common resources and services

It's about who gets what water, when and how!

One Governance example:

Corruption in Water!

Corruption and development

- It is only recently that corruption and anti-corruption have started to receive attention as crucial for sustainable development. Until the mid-1990s, it was common to think of corruption as either a minor problem or, in some cases, as serving to "grease" the market and thus increase economic growth and development.

- Corruption stunts water development and will make it much harder and more costly to reach the MDGs on poverty, water supply and sanitation services.

- Corruption affects the governance of water, deciding who gets what water resources and services when, where, and how. It also affects how costs and benefits are distributed between individuals, society and the environment.

- According to the WBI: More than $1 trillion dollars (US$1,000 billion) is paid in bribes each year worldwide in both rich and developing countries = the combined GDP of low income countries. As much as 20-40 % may leak out of developing country government budgets due to corruption

What is Corruption?

- **Corruption is defined as the abuse of entrusted power for private gain. It entails the misuse of public power, office or authority for private benefit – through bribery, extortion, influence peddling, nepotism, fraud, speed money or embezzlement.**

- **A simple equation has been devised that points to causes of corruption:**
  Corruption = (Monopoly + Discretion) – (Accountability + Integrity + Transparency)

- **Petty Corruption --- Grand Corruption**

- **Water services sector is at a high risk**
  Natural monopoly, capital intensive infrastructure development combined with weak regulatory and auditing powers, limited transparency and accountability etc.

Examples of corruption in WS&S

Public-Public	Public-Private	Public-Consumers
• Inter-departmental collusion in selection and approval of water projects • Bribery for oversight in monitoring and control of urban pipe systems • Distorted site selection in favour of a public official's residence • Bribery for promotions, appointments and transfers within public administration	•Kickbacks for awarding large-scale contracts •Manipulation of documents and facts to cover up use of uncertified material in construction •Kickbacks to accept inflated bills (unit costs, and amount of material) •Preferential treatment of contractor •Manipulate information for auditing authorities	•Corruption to falsify meter reading •Preferential treatment for services or repairs •Bribery to obtain access to water – installation, concealing illegal con-nections, avoiding disconnection

Example of corruption in the water supply and sanitation sector

- A more systematic effort to map petty corruption and its *modus operandi* in India's water sector (7 cities were studied) has recently been done. Results show that:

- 41 % of the customer respondents had made more than one small payment (median payment US$0.45) in the past 6 months to falsify metre reading to lower bills.
- 30 % of the customer respondents had made more than one small payment (median payment US$1.90) in the past 6 months to expedite repair work
- 12 % of the customer respondents had made payment (median payment US$22) to expedite new water and sanitation connections.

- The study also indicates the frequency of side payments from contractors to public officials within the water and sanitation sector. According to public official respondents side payments occur on a frequent basis:

- 17% said that it takes place every time.
- 33% claimed it was quite common
- 8% said that it takes place about half the time
- 17% said that it occurs occasionally
- 25% said that it occurs infrequently/never.

- The value of the kick-backs to public officials normally ranged from <u>6% to 11%</u> of the contract value. The study also suggests that side payments for transfers of staff occur on a frequent basis. Interestingly, side payments for promotions were less common.

- Source: Jennifer Davis, "Corruption in Public Service Delivery: Experience from South Asia's Water and Sanitation Sector", *World Development Report*, Vol. 32, No. 1 pp. 53-71, 2004.

Some Water Impacts of Corruption

1. Reduces economic growth and discourages investments within the water sector. It also undermines performance and effectiveness of both public and private operators.
2. Decreases and diverts government revenues that could have been used to strengthen budgets and improve WSS services, especially for poor people.
3. Misallocates scarce resources, both monetary and natural resources, such as water.
4. Renders rules and regulations ineffective. This can have very serious consequences for the environment and sustainability of water resources and related services.
5. Dilutes public sector integrity. Discretionary powers and uncertainties in policy and law enforcement create unpredictability and inequalities.

Some required future actions:

- **Continue to build strong alliances across society and mobilize POLITICAL SUPPORT!**

- **Empower bottom-up cititzen voice and accountability approaches, specifically incorporate CSOs/CBOs management and members in design and implementation of water schemes ----- Allow transparency and monitoring by consumers**

- **Institutional reform to improve access to participation, information and justice ----- Link Water Reform to broader Governance Reform!**

- **Enhance capacities in the water sector to apply monitoring tools to any kind of water scheme and related actors (corruption mapping, corruption participatory assessments and surveys, project cycle corruption assessments, expenditure tracking, Ombudsman, consumer complaints redress mechanism etc.) ---- What type of capacities are needed and where are they needed!**

Capacity Building: The need for a new type of water manager

A response to water governance challenges: The need for new professionalism	
Technocrats-old professionalism	**Sociocrats - New professionalism**
"Things-centred"	"People-centred"
Top-down	Bottom-up
Blueprint	Learning process and knowledge sharing
Measurement and Construction-oriented	Mediation/interpretation and Process-oriented
Standardization	Diversity
Disciplinary knowledge based on technological know-how and natural sciences	Multidisciplinary knowledge based on understanding of society and nature that can facilitate integrative approaches
Physical information is produced pertaining to hydrology, biology, geology etc.	Socio-economic information is produced pertaining to, for example, income levels and consumption patterns, corruption in water etc.

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WIN

The Water Integrity Network :

A Network to Combat Corruption in the Water Sector

Håkan Tropp
Interim Chair of the WIN

WHY DO WE NEED THE WIN?

- A consensus is gathering force amongst policy makers and practitioners that a key to sustainable development is addressing corruption in the water sector

- Because of the pervasiveness and long-standing nature of corruption in the water sector, it was felt that setting up a coalition/network is an effective way to raise awareness and facilitate effective actions on the ground

- WIN can mobilize local, national and international actors

- WIN can promote and facilitate anti-corruption activities

WIN MISSION STATEMENT

- **The Water Integrity Network, WIN, Aims to Fight Corruption in Water Worldwide to Reduce Poverty**

- **The WIN is an Open and Inclusive Global Network that Promotes Anti-corruption Activities and Coalition-building at Local, Regional and Global Levels between Actors from Civil Society, Private and Public Sectors, Media and Governments.**

- **The WIN is Committed to Accountability, Transparency, Integrity, Honesty and Mutual Support and Knowledge Exchange among the Members.**

- **Corruption in WRM and WSS services has not yet been systematically monitored, analyzed or addressed.**

WIN MISSION STATEMENT (CONTD.)

Reduction of Corruption in Water Worldwide will Require the Establishment and Functioning of Local, National and International Coalitions.

DETAILED OBJECTIVES OF THE NETWORK

These include:

- **Promote awareness and understanding of corruption issues related to water;**

- **Improve the information and knowledge base and disseminate effective anti-corruption information, methodologies and best practices relevant for organizations working in water;**

- **Support practical actions to fight corruption in water;**

- **Develop monitoring mechanisms relating to corruption in water; and**

- **Encourage governments, civil society, private sector and all other interested parties to coordinate and work together against corruption in water**

SCOPE OF THE NETWORK

- **Establish appropriate balance between advocacy work and concrete action**

- **Network will cover all aspects of water including water supply and sanitation and water resources management**

- **Since corruption is a global phenomenon, the network is worldwide ---- Members may over time form National, Regional and Thematic Groups**

SCOPE OF NETWORK ACTIVITIES

- **Advocacy and Awareness**
  - *media campaigns*
  - *access to information*

- **Knowledge Building and Dissemination**

  - *Corruption Monitoring*

  - *Global Corruption Report (GCR) 2008 featuring the Water Sector*
    - GCR to be launched at International Conference on Combating Corruption

  - *Application and implementation of anti-corruption tools and methodologies*
    - *International conventions*
    - *National public sector reforms*
    - *Localized activities (integrity pacts, codes of conduct, business principles, report cards, participatory budgeting*
    - *Developing best practice 'tool kits'*

SCOPE OF NETWORK ACTIVITIES (CONTD.)

- **Knowledge Building and Dissemination (Contd.)**

  - *Research, diagnose and assess corruption in water and the effectiveness of various anti-corruption measures*

  - *Manage a Network 'Home Page*

- **Capacity Building**

  - *E.g. workshops to strengthen anti-corruption monitoring by civil society, private businesses, public agencies and citizens related to for example decentralization*

- **Support for Start Up Activities by Network Members**

  - *Activities to be Undertaken Primarily by Southern NGOs*

Water utilities are critical actors in the water sector!

Your participation in the WIN will make the difference!

For more information on WIN see: **www.waterintegritynetwork.net**

The TI Global Corruption Report (GCR) 2008 will focus on water

WIN Workshop and High Level Seminar on Corruption in water at the Stockholm World Water Week, 12-18 August 2007.

Finally………………