Anticorruption in the water sector

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Corruption in the water sector

- Corruption is defined by the UNDP and Transparency International as “abuse of entrusted power for private gain”.
- Corruption reduces the effectiveness of efforts to attain the Millennium Development Goals (MDGs) in drinking water and sanitation.
- Poor water provision especially affects women and children.
- Corruption results in higher costs to society, more water contamination and less quality of services.
- Corruption in the water sector affects the poor harder than the wealthier
Why is the water sector particularly prone to corruption?

Institutional and technical aspects
- Many stakeholders
- Poor capacity and low salaried staff
- Water is becoming more scarce

Low levels of accountability and transparency
- Water utilities and irrigation agencies do not have users in their boards
- Large water projects are complex, thus prone to procurement manipulation
- Investments involve large flow of public money
- Corruption mostly affects poor people, who have the weakest voice
- A large asymmetry of information between user and provider

Political aspects
- Politicians and higher officials have discretion over investment decisions
- Service provision can be used for vote-buying
Corruption can be found in all water subsectors:

- Drinking water and sanitation
- Irrigation
- Water resources management
- Hydropower
Grand corruption

- Collusion in tendering
- Policy capture by the elite
- Embezzlement of government assets and funds
- Bribery in international deals
- Bid rigging
- Nepotism
Petty corruption

• Extortion of bribes for water connections
• Extortion of bribes for water use licenses
• Extortion of speed money
• Bribes to lower tariff
Nature of corruption

Corruption is often systemic and institutionalized:

- Informal rules have developed that reinforce corrupt practices;
- Functionaries might bribe because money has to be raised illegally to pay for entry into the organization, job transfer, to support a political party or other informal agreement;
- The ‘internal logic’ of a corrupt organization goes beyond the individual moral standards;
- This makes corruption very persistent.
Three types of anti-corruption measures

• Increased government oversight
• Pro-market reforms
• Increased voice of citizens
Government oversight

- Anti-Corruption Agency (ACA)
- Whistleblowers protection (corruption hotline)
- Independent water sector regulator
- Transparency in tendering and auditing: in Pakistan and Mexico civil society witnesses have been used successfully to prevent over-pricing.
- Provide understandable information to citizens and press
- Use simple low-cost technology and designs
- Taking complaints seriously to monitor public and private utilities. (Citizen Report Cards in India, Ombudsman)
- Citizen participation in environmental pollution mapping
- Ensure contracts are fulfilled and violators punished.

Political will to curb corruption is very important but not sufficient. Political leaders should implement concrete reforms, enforce sanctions and mobilize a wide range of stakeholders. Anti-corruption requires allocation of public resources over a prolonged period.
Pro-market reforms

- Privatization of service provision,
- Subcontracting of services,
- Public-private partnerships,
- Tendering of concessions, operation and water use licenses.
- However, privatization processes are susceptible to corruption.
Increased voice

• Empowerment of citizens and organizations of water users
• Increased accountability (social auditing)
• Participation in decision making, e.g., install elected representatives in boards of water utilities and social budgeting
• Democracy, rule of law and free press are essential for attaining high levels of accountability towards consumers
• Bolivia and Uganda have implemented forms of decentralized government budgeting where councils of citizens take decisions on municipal water projects.
• In Peru the management of large-scale irrigation systems was transferred to water users’ associations that obtained high levels of financial and water delivery performance
• Claims of groups of organized citizens in Riobamba in Ecuador helped to curb corruption in licensing of water rights
Organizations

- Water Integrity Network (WIN). Collaborating entities include Transparency International, the World Bank’s Water and Sanitation Program (WSP), the IRC International Water and Sanitation Centre and the Stockholm International Water Institute (SIWI)
- U4 Anti-Corruption Resource Centre
- Asian Development Bank
- WaterAid

Two key publications on corruption in the water sector are:
- ‘Corruption in the Water Sector: Causes, Consequences and Potential Reform’ (Stålgren, 2006)