

# A Strategic Framework for Anti-Corruption in the Water and Sanitation Sector in Africa

**Ede Ijjasz**  
**Water and Sanitation Program**  
**Global Manager**

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## Outline

- ❖ **Corruption in the water sector – how big a problem?**
- ❖ **Myths about corruption**
- ❖ **Typologies of corruption**
- ❖ **How does corruption affect the poor?**
- ❖ **Do we have the tools to analyze corruption?**
- ❖ **Emerging solutions and lessons of experience**
- ❖ **A framework for anti-corruption in Africa**

# Corruption in the Water Sector: How Big a Problem?

## The water and sanitation sector prone to corrupt practices given:

- Capital intensity – construction is the “most corrupt” sector (TI index)
- Inherent limits to competition – monopoly power
- Discretionary power of policy makers and regulators
- Substantial shortfalls in supply and access to service

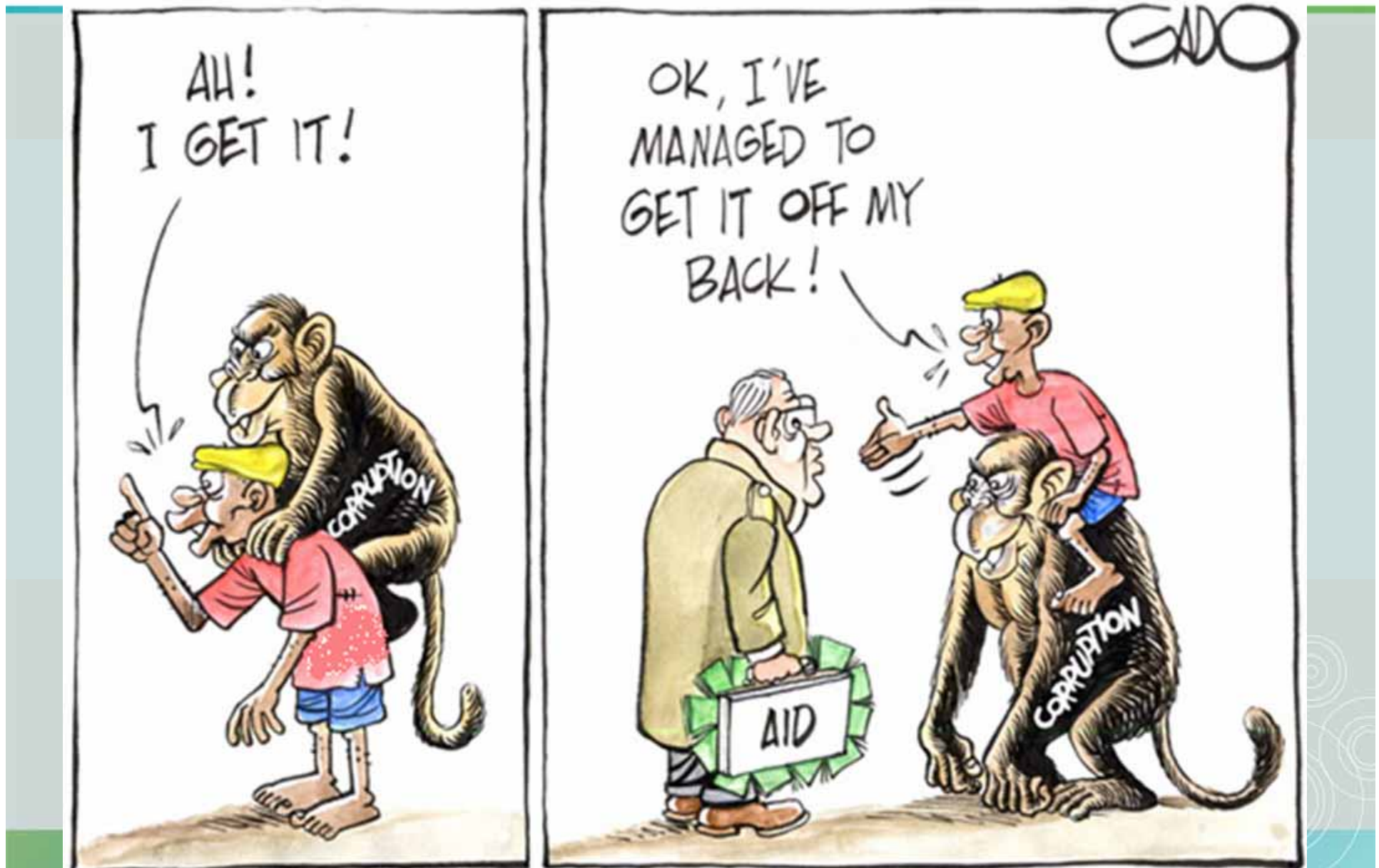
## WSP findings in South Asia (*Davis, 2004*):

- Based on interviews to 350 staff and 730 customers in South Asia, plus meetings with 320 elected officials, researchers, activists, journalists and development professionals
- **False readings:** 41% of customers had paid a bribe in last 6 months – On average \$0.45 per transaction
- **Illegal connections:** 20% of households admitted paying a bribe to utility staff – On average \$22 per transaction
- **Contractors:** 15% excess cost because of collusion
- **Kickbacks:** 6-11% of contracts value

# Myths about Corruption

- ❖ **Decentralization will solve corruption problems**
- ❖ **Donors can ring-fence projects in highly corrupt countries and sectors**
- ❖ **The culprit is mainly ‘bad’ officials in the public sector**
- ❖ **Tackling corruption ruins relationships between donors/IFIs and government**
- ❖ **We know the basics of corruption (dynamics, political economy, pressure points, impacts) - Analysis is not needed**
- ❖ **We understand the impacts on the poor...**

# Myths About Corruption – Quick Fix



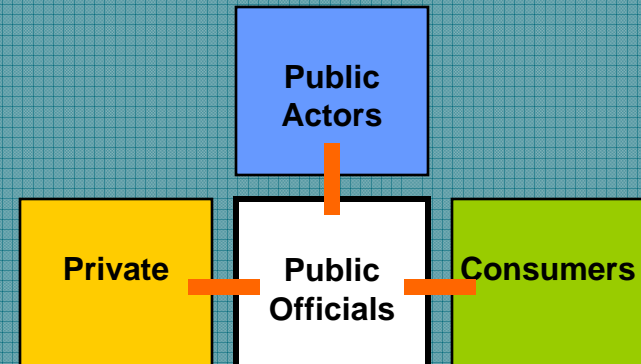
# Typologies of Corruption

- ❖ **The nature and mode of corruption is not uniform across countries, regions, or time.**
- ❖ **It includes:**
  - **Bribes** - payments to public officials to persuade them to do something (quicker, smoother or more favorably)
  - **Fraud** - the falsification of records, invoices
  - **Embezzlement** - theft of public resources by public officials
  - **Favoritism, Nepotism**
  - **Distorted project selection**
  - **Distorted procurement processes**
- ❖ **Grand versus petty corruption**
- ❖ **Structured/controlled versus unstructured**

# Typologies of Corruption

- ❖ **Public - Public**
  - Appointments
  - Transfers
  - 'Loans' that are not paid back
- ❖ **Public - Private**
  - Contract procurement
  - Marked up pricing
  - Fraud in construction – results in lower quality building
- ❖ **Public - Consumer**
  - Speed money
  - Illegal connections
  - Falsifying bills and meters

Another way of classifying corruption is by the type of parties involved:



**Types of corruption vary,  
the impacts vary  
the solutions vary**

# How does corruption affect the poor?

- ❖ **Misallocates, distorts and diverts resources – Results in increased fiscal subsidies (often “financed” by the poorest)**
  - Diverts water and sanitation services towards the rich
  - Deterrent to project developers, investors, IFIs, leading to less investment in the sector
  - Deterrent to reputable consultants and contractors, leading to higher costs and lower quality
  - Encourages large capital investment projects, reduces pro-poor investment
  - Results in inappropriate planning / design, inflated costs, low quality
  
- ❖ **Dilutes public integrity, creates/strengthens social injustice/exclusion**
  - Services captured by those who pay more (in principle)
  - However, in practice some corrupt activities fill gaps in the services available to the poor by providing services outside the official channels
  
- ❖ **We do not entirely know the true impacts and net effects of corruption and anti-corruption activities on the poor**

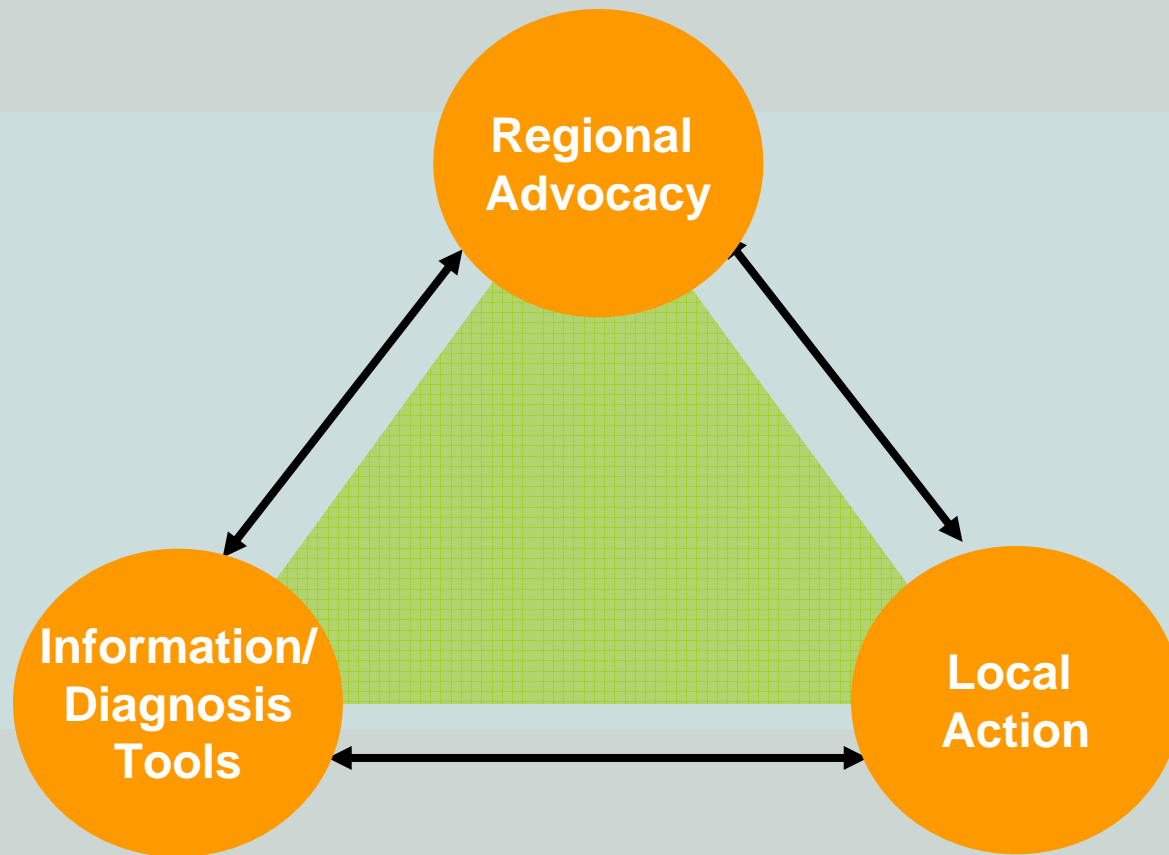
# Do We Have the Tools to Analyze Corruption?

- ❖ **Need to understand and collect empirical evidence on:**
  - **How big is the corruption problem?**
  - **What are the worst components/types of corruption?**
  - **How much does “corrupt” water cost?**
  - **How does corruption affect the poor?**
  - **What are the key “pressure” points that can lead to most effective interventions?**
    - **Procurement policies, systems and procedures – from design to construction, operation and maintenance**
    - **Relationships between utilities, regulators, government, civil society and clarity of roles**
    - **Tariff policies and subsidies**
    - **Distribution, metering and revenue collection systems**
    - **Internal audit mechanisms, systems and capacities**
    - **Many more...**
- ❖ **How to measure progress?**

# Emerging Solutions and Lessons of Experience

- ❖ **Building ownership is key**
- ❖ **A holistic strategy is required**
  - An investigative approach is insufficient
- ❖ **Broad participation is essential**
- ❖ **Promoting good governance**
  - Access to information
  - Institutional reform – civil service reform, decentralization
  - Enabling environments – regulation, justice, competition
  - Strengthened civil society role
- ❖ **Developing incentives and mechanisms leading to new ways of working**
  - Procurement processes, civil society participation, integrity pacts
- ❖ **Combining generic and sector-specific remedies**
  - Water and sanitation sector initiatives do not operate in a vacuum
- ❖ **Eliminating corruption is a process – no magic bullet or recipe**

# A Framework for Anti-Corruption Activities in Africa



# Regional Advocacy

- ❖ **Regional partnerships**
  - Set up Africa WSS AC AMCOW task group
  - NEPAD, WUP, MDP, TI, WSP ++
- ❖ **Agreement on anti-corruption program in water and sanitation**
  - Develop regional program of activities
  - Focus country selection (high on corruption index, influential, willing donor, willing client)
  - Host regional meetings
  - Set up benchmarking process
- ❖ **Linking to strategic global alliances**
- ❖ **Donor action and strong linkages**
  - Get corruption on bi- and multilateral sector agenda
  - Support diagnosis of corruption in water and sanitation sector
  - Harmonization, consistency, joint programs
  - Action in own-funded projects

# Local Action

- ❖ **Establish country Steering Group or working groups:**
  - Lead water and sanitation agency(ies), private sector, civil society, donors, WSP, TI, ++
- ❖ **Anti-corruption environment assessments**
  - Other AC initiatives, champions, consumer action...
- ❖ **Diagnostic studies and intervention evaluation**
  - including specific pro-poor interventions
- ❖ **National water and sanitation anti-corruption strategy development**
  - Link to planning processes – from water and sanitation MDG roadmaps to PRSPs
- ❖ **Country specificity – avoid “one size fits all”**

- ❖ **Adapt and expand existing diagnostic tools**
  - **Corruption mapping, WDR accountability framework, surveys, corruption participatory assessments, project cycle corruption assessments**
- ❖ **Develop empirical evidence**
  - **Specific country and regional level evidence and information for advocacy, analysis and strategy design**
- ❖ **Fill knowledge gaps**
- ❖ **Develop models and document good practice examples to guide intervention and strategy design**

# Not an easy process...



# Thank You !

For more information:

[www.wsp.org](http://www.wsp.org)

In Africa:

Piers Cross

Regional Team Leader

[pcross@worldbank.org](mailto:pcross@worldbank.org)

Global:

Ede Ijjasz

Global Manager

[eijjasz@worldbank.org](mailto:eijjasz@worldbank.org)

