



WATER TAP, the concept towards WI through strengthening **Transparency, Accountability and participation**

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WATER TAP: Promoting Water Integrity in utilities in the MENA region

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Rational for Integrity in water utilities

utilities are under pressure to meet the stakeholder's expectations :

They should **perform** their core function of providing effective and efficient water and sanitation services,

AND

Comply with requirements imposed by other actors both from a governance and management perspective





Water utilities performance and integrity

- Utilities are under permanent pressure to improve their efficiency, quality of services and levels of performance;
- Investment in water and sanitation infrastructure requires high levels of accountability and transparency
 - to ensure targeted use of funding,
 - due implementation of projects
 - and consumer value for money spent.
- Integrity risks and Fraud undermine a utilities performance and efficiency gains due to two main factors:
 - They create economic losses
 - and undermine motivation of both staff and customers.





Examples of bad impact of non-integrity

Examples for economic losses

Resources are used improperly or otherwise **diverted from their purpose**

Poor **value for money** in procurement of services and supplies

Low collection

High **NRW** (due to illegal connections) and improper metering and billing

Examples for motivation/social losses

Unwillingness to pay among consumers due to poor customer relation management and **loss of reputation**

Impunity, diluted public integrity, and **loss of public support**

Low motivation of staff due to **lack of performance orientation** in recruitment, promotions and salaries



Examples & figures for cost of non Integrity

Estimates by the WB suggest that **20 - 40 %** of water sector **finances** are being **lost to dishonest practices**.

(Ref. Stålgren, 2006)

Nearly **two-thirds** of operating costs were due to corruption in some African utilities

(Ref. Estache & Kouassi 2002 : Study of compared productivity among 21 water companies in Africa)

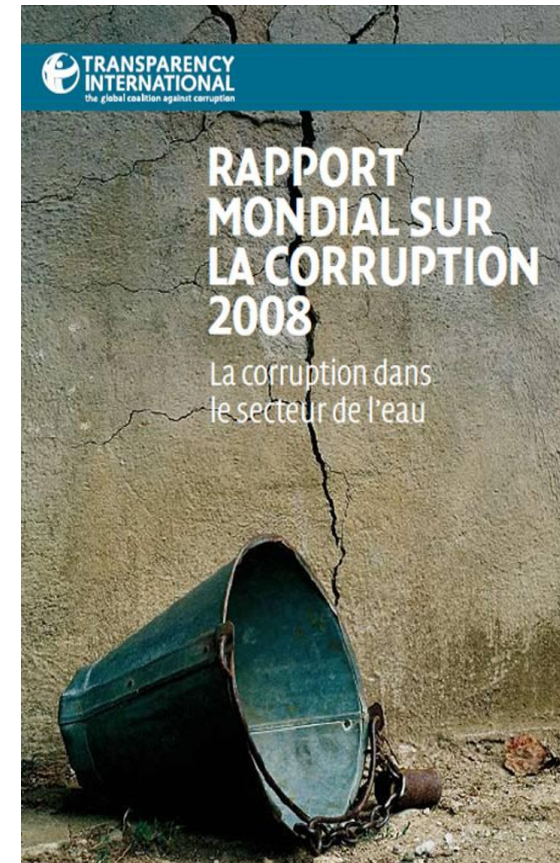
.. Any society or organisation is susceptible to corruption if individuals lack integrity, **even where seemingly well-established checks and balances** are in place (such as UN, North Countries , etc..)

Ref. SIWI TM, 2005



Water supply is high risk sector

- **large monopolies**, and large-scale construction, which are the same throughout the world.
- high level of **public sector involvement**,
- **Technical complexity**, that reduces transparency for the public and leads to an asymmetric information flow (**complex TAP**).
- High demand for (and dependency) on water services, which reinforces the **power position of suppliers** and encourages corrupted practices,
- Frequent provider-consumer interactions that encourage discretionary action





Why Assess Integrity Risks ???


Be preventative rather than reactive

Assessing potential corruption risks and putting **preventative** measures in place is **easier and much more cost effective** than trying to clean up **bad practices** after they





The 4 steps of risks Mapping


Step 1 Overview of the utility by focusing on the **value chain**, existing **actors**, how they **interact**.
Define the main **processes** and sub-processes


Step 2 identify **Integrity risks**, **Warning signs**, **drivers**, **impact**, etc..


Step 3 Identify **Mitigation actions**, and measures **promoting TAP** and compliance


Step 4 Draft and implement **action plan** according to **priorities**



Action plan

Outcome and impact orientated measurement



Output orientated measurement



| Process (& sub-processes) | Main risk | Early warning signs | Significance Impact & probability | Mitigation Actions / instruments to promote and strengthen TAP | Resources Planning PI's |
|---------------------------|-----------|---------------------|-----------------------------------|--|-------------------------|
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Incentives and disincentives for WI risks

WI risks Prevention

An incentive is a reward that induces stimulates, or encourages a desired action. Corruption flourishes when the incentives exist for it to do so. Disincentives can be introduced to counter balance corrupt incentives and to prevent corrupt behavior.

- Incentives for corruption**
- Weak Internal systems
 - No complaint mechanisms
 - Monopoly
 - Discretion

Level of Corruption

Level of Corruption

- Disincentives for corruption**
- Codes of Conduct that are enforceable
 - Mechanisms for participation of users/citizens/consumers
 - Sanctions against corruption



Thank you for your attention

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