

Chapter 4

Water Integrity

Clearing muddy waters



I. BASIC CONCEPTS

Water is life. Water utilities serve the common good. Yet, sometimes, people take advantage of this situation to serve themselves instead. When they do this, they harm the water utility and all of the people it serves because they undermine sustainability.

Water integrity means establishing accountability and transparency so that water is allocated and distributed in fair and efficient ways for all water users. It also means ensuring that the financial resources of the utility are protected and used for the intended purposes. A lack of integrity, accountability and transparency often leads to abuse of entrusted power and the use of resources for personal gain. It can be found in a huge range of interactions at all levels of decision-making and in all aspects of the water sector, along the “water value chain” from water allocation to the end user and as wastewater - back to the environment.

There are great needs to strengthen water integrity at policy, management and operational levels in governments, private sector and civil society:

- Establish sustainable prevention measures that are pro-active rather than only re-active.
- Understand the detrimental impacts; especially on poor people who suffer from the lack of integrity.
- Apply integrated water resources management to link water services for domestic, industrial and agricultural uses.

- Realize that there are different cultural interpretations of integrity.

This chapter discusses the situation and offers ways to enhance integrity in your workplace.

A. What is the Problem?

The Costs

- Waste of financial resources
- Distortion of allocations
- Failure to lead by example
- Damage to ecosystems

Lack of Integrity spills across the entire water value chain to create “muddy waters”. On an economic basis, it means dishonest exchanges of tangible goods such as cash, official positions or material goods. On a social basis, it means the exchange of favours, social acknowledgement and power that cannot directly be translated into material resources. Lack of integrity takes place in the public sector as well as in non-governmental organizations and private enterprises. Falsifying water meter readings, for example, is an equally wrong practice if it takes place in a private water company or in a public

utility. Lack of integrity can undermine the sustainability of the water sector and harm the public good. Lack of integrity often leads to corruption which may be grand or petty, depending on its scale and frequency (Box 2).

Box 2
Levels of Corruption

Grand corruption pervades the highest levels of government and distorts its central functions. It is typically less frequent but involves larger sums of money being paid as kickbacks, e.g. during the procurement process for large-scale infrastructure projects and purchasing of equipment and materials. Petty corruption involves the exchange of small amounts of money, the granting of minor favours or the employment of friends and relatives in lower positions. By contrast, it is more frequent and involves lesser sums of money or favours. Common examples include cutting red tape in applications for reservoir water abstraction or expediting a household's connection to municipal water supplies. While petty corruption might involve very small amounts, the frequency of such transactions means that the aggregate amounts can be very large. While petty corruption is generally applied at the level of service provision (micro level), grand corruption takes place at macro level, which is, only open to a selected group of people who manage specific information, decisions, and contracts, where much larger sums are dealt with and where decisions affect a large population.

The following forms of lack of integrity are common in the water sector:

- **Bribery:** giving some form of benefit to unduly influence an action or decision. Firms pay bribes for public procurement contracts. People pay bribes for new connections and falsified meter readings. People receive bribes to cover up the use of substandard materials in infrastructure, inflated invoices, pollution discharge or failure to meet contractual deadlines.
- **Collusion and Complicity:** an arrangement between two or more parties designed to achieve an improper purpose, including influencing the actions of another party. An example: bidders agree among

themselves on prices and “who should win.” This may also involve paying bribes to government officials to “turn a blind eye” to the practice.

- **Misuse and Theft:** the taking or conversion of money, property or other valuables for personal benefit. This may involve diversion of public funds to one’s own bank account or stealing equipment from the utility’s warehouse.
- **Fraud:** the use of misleading information to induce someone to turn over money or property voluntarily, for example, by misrepresenting the amount of people in need of a particular service.
- **Extortion:** involves the use of threat of violence or the exposure of damaging information in order to induce cooperation.
- **Abuse of Discretion:** the abuse of office for private gain without external inducement or extortion. This abuse is usually associated with bureaucracies which create broad individual discretion. It might involve, in a situation of water scarcity, giving preferential treatment to one neighbourhood over another.
- **Favouritism, Nepotism, and Clientelism:** This involves taking action to advance the interests of a family, a political party, or an ethnic, religious or other group. These practices often occur in the hiring and promotion of staff. They can also take the form of building a new water system in “the minister’s village.”

B. What is Water Integrity?

Individuals or institutions that carry out their functions honestly follow the principles of good governance (see Governance chapter). Water Integrity is about the transparent and cooperative processes by which stakeholders reach and implement decisions on the use of water resources. Constructive cooperation between stakeholders results in:

- Efficient use of water resources
- Cross-sector integration: water for food, for people, for industry and commerce and for the environment
- Equitable access to water
- Effective and sustainable service provision
- Fair distributions of costs and benefits
- Responsible use of power and resources



Water Integrity is a key element to achieve these broader governance goals and it is enabled by transparency, accountability and ethics (see box):

- Transparency is important for fighting corruption and it is inspired by the democratic idea that public affairs are simply public.
- Accountability seeks to prevent public office holders and others entrusted with power and resources from “drifting from their duties”.

Strengthening water integrity, accountability and transparency are essential to enhance water supply and sanitation, infrastructure and procurement services. However, estimates by the World Bank suggest that 20 to 40 percent of water sector finances are being lost to dishonest practices. This will also affect the achievement of the MDGs globally: “The cumulative revenue losses stemming from falsified water meters add up to large sums over time. This is money that alternatively could be spent on improved operation and maintenance, new investments to improve water and sanitation systems for economically weak groups.”

Water Integrity and its Enablers

Integrity:

This is synonymous with honesty and refers to the need for public, private and civil society sector representatives to be honest in carrying out their functions and resist corruption. It requires that holders of public or private office do not place themselves under any financial or other obligation to individuals or organizations that may influence their ability to perform their duties.

Accountability:

This refers to the democratic principle that elected officials and those in public service can be held accountable for their actions and answer to those they serve. This includes political, administrative, and financial dimensions.

Transparency:

This refers to openness and public access to information so that citizens can understand the decision-making processes that affect them, and are knowledgeable about the standards to expect from public officials.

Equitable and ethical:

Equity between and among the various interest groups, stakeholders, and consumer-voters should be assured throughout the process of policy development and implementation. Legal and regulatory frameworks should be fair and enforced impartially.

C. The Importance of Water Integrity

The lack of water integrity may have detrimental impacts in financial, economic, social, environmental, and political terms. In general, studies have shown that systemic abuse of power and resources tends to slow down overall economic growth, reduce local and foreign investments, and increase income inequalities.

Corrupt practices in the water sector are detrimental to sustainable water use and service provision and they ultimately limit the scope for improving poor people's livelihood opportunities. Corruption siphons off scarce monetary resources and diminishes countries' prospects for providing water and sanitation for all and sound water resources management. Corruption:

- Reduces economic growth and discourages investments within the water sector.
- Undermines performance and effectiveness of both public and private sectors, leading to inefficient and unequal allocation and distribution of water resources and related services.
- Decreases and diverts government revenues that could be used to strengthen budgets and improve water and other services, especially for poor people.
- Makes existing legislation, rules and regulations ineffective, which can drive increased water pollution, health hazards and overexploitation of ground and surface water.
- Dilutes the credibility of the public service sector when discretionary decision making creates unpredictability and inequalities, circumventing the rules of law and justice.

Why does dishonest behaviour or corruption exist?

Corruption is a symptom of governance deficiencies in both the private and public spheres. In some countries, enforcement of legislation is weak and judicial systems are inadequate. When these are combined with low wages, huge income disparities and a lack of accountability and transparency, personal economic gain is more attractive than concern for the well-being of citizens. The Global Corruption Report and Stalgren (2006) highlight several criteria that make the water sector especially vulnerable for corruption:

- Water decision-making is dispersed across many sectors and water governance thus spills across many different types of agencies.
- Water management involves large flows of public money.
- Private investment is growing in countries already known to have high levels of corruption.
- Informal providers, often vulnerable to corruption, continue to play a major role in delivering water to the urban poor.

- Technical complexity, which decreases public transparency and leads to an irregularity of information.
- Frequency of interaction between suppliers and consumers, which fosters an atmosphere of discretionary action.
- High demand for water services, which reinforces the power position of suppliers and encourages bribery.

Corruption exists in all societies to varying degrees and in different forms. Some practices that might be regarded as corrupt in one country might be legally and socially acceptable in another. Thus, there is no universally agreed upon definition for corruption. Indeed, attempts to develop such a definition invariably encounter legal and political issues.

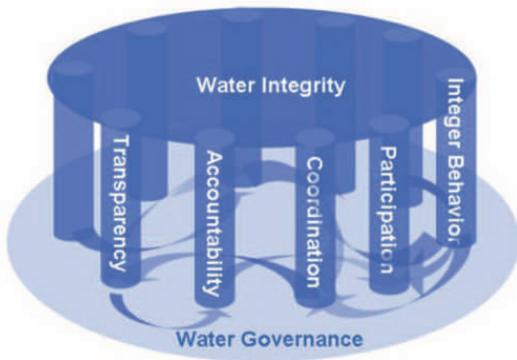
Transparency International defines it this way: "Corruption is the abuse of entrusted power for private gain". It occurs in all parts of society, in communities, non-government organizations and the private sector.

Corruption is often interlinked with deficient management and technical capacity. In many cases it is difficult to differentiate between poor administration and corruption. Uncontrolled water pollution, incorrect bills, delays and low quality of water works, or the over-design of networks might be due to low capacity or mismanagement in government or public utilities, rather than corruption. However, the good message is that many anti-corruption measures that promote transparency, accountability or citizens' oversight not only curb corruption, but also may improve the quality of management decisions and their implementation.



D. Building Blocks of Water Integrity

The Water Integrity Network defines the pillars to enhance water integrity:



These pillars are interlinked. For example, enhanced accountability will partly depend on participation and transparency. When these pillars are all in place, they close the loopholes where corrupt behaviour may flourish. Transparent and clear rules and regulations in combination with proper monitoring mechanisms can contribute to improved accountability and clearly assigned responsibilities can increase transparency. Work ethics and individual honest behaviour can be encouraged with transparency and accountability systems that punish poor behaviour.

Stalgren identified four main categories of measures to build these pillars and increase water integrity:

1. Legal and Financial Reform

These measures include reformed procurement procedures, monitoring and oversight, deterrence, increased economic competition, mechanisms for intra-governmental cooperation, and decentralisation. Reducing complexity in regulation, licensing and control are central elements of these reforms, typically led by government agencies. The likelihood of success is increased if measures are supported by the private sector, civil society and the international community.

For example, procurement reforms can be developed in close cooperation with private companies within the sector who can be encouraged to form “integrity pacts”.

These foster peer control and socialisation that breaks established behavioural patterns and moral standards. Civil society can play a key role, acting as public watch groups - operating under a code of confidentiality - who oversee the procurement process.

Regulation can foster transparency, participation and accountability in the sector. By collecting and reviewing information or monitoring performance, regulators can shed light into deficiencies that might have remained hidden without regulation and thus would be prone to corruption.

For example, in Zambia, the regulator also actively fosters user participation. Regulation requires balancing different interests among others water users’, utilities’ or political interests.

2. Reform of Public Service Delivery Systems

These measures include:

- **Improved Human Resources Management:** The goal is to create a professional environment that discourages the use of entrusted power for private gain. Public officials will always have a certain level of discretion. There is no way of policing and controlling every interaction, e.g. a contractor’s work or a household’s meter reading. Corruption therefore becomes a matter of integrity and moral standards.

For example, the incentive to engage in corruption lies not in the absolute levels of salary, but in the difference between expected and actual levels of pay. If the wage level is perceived as “fair”, it is unlikely to spur corruption. From improved recruitment and training of staff down to symbolic gestures such as work uniforms, these measures are reported to imbue a collegial culture of professionalism that encourages officials and private sector employees to spurn corruption.

- **Improved Technical Know-how and Systems:** Technical solutions can help to control and decrease the discretion of individual actors, thus making such choices more difficult and risky.

For example, information technology can be used to simplify public services, e.g. processing applica-

tions to abstract water from a dam or well-drilling licenses. In a case in Asia, at least 14 public officials were involved in processing one household's application for access to public water. By simplifying the procedure and using information technology (IT), this number was reduced significantly, decreasing public-client interactions and thereby reducing corruption.

- **Increased Public Sector Capacity:** The lack of economic and technical capacity in public institutions raises the likelihood that corruption is not detected. It can also allow for “ghost” workers and moonlighting, and increases the discretionary interactions between water users and utilities.

For example, there are times when a public official is less technically competent than international contractors, making it difficult for the official to detect and assess irregularities. Having competent public officials is essential.

3. Reform in the Private Sector

Recently, there are signs that companies in the water sector are less inclined to view corruption as an acceptable practice. Factors contributing to these changed perceptions include the harm to companies' brands and reputation if they are caught engaged in bribery, and the recent initiative by the World Bank to blacklist corrupt companies. A number of international initiatives have been put in place to encourage collective action among private companies, including the Business Principles and the Integrity Pact, to encourage integrity. Other measures that can be undertaken at company level include the implementation of anti-corruption and integrity standards, and corporate social responsibility guidelines.

For example, the United Nations Convention Against Corruption (UNCAC), which came into force on December 14, 2005, has been signed by 133 countries and ratified by 52. Of all the existing anti-corruption conventions, the UNCAC has the most extensive provisions on the ways, means and standards for preventive measures in the public and private sectors. It calls for criminalisation of a wide range of offences, con-

tains a broad definition of the term “public official” and includes both public and private sector corruption. UNCAC includes recommendations to implement a range of specific anti-corruption measures by means of an Implementing Mechanism. Practical methods at the utility level include hotlines for people to anonymously report suspicious behaviour and the systematic building of a professional corporate culture.

4. Public Awareness and Capacity Building

A powerful civil society can potentially thwart corrupt activities by mobilising discontent and rage against illicit practices, private-public collusion and poor water service delivery. The power of civil society primarily derives from the ability to publicise and socially disgrace corrupt people and by raising public awareness of the consequences. Civil society in the water sector comprises water user groups, conservation organizations, local community groups, women's associations, religious organizations, academia, and last but not least, the media.

Transparency International has spearheaded anti-corruption advocacy on a global scale and is currently stepping up its efforts within the water sector by hosting the Water Integrity Network, the only global network with the explicit objective of fighting corruption in the water sector on a global scale. Civil society plays a key role in raising public awareness.

Techniques include training journalists on how to investigate crime in the water industry and providing them with financial support to cover complicated corruption trials. Civil society organizations can benefit from training to assess and report on illicit infrastructure projects, to publicise economic reports to the community, to use communication technology for information dissemination, and to be better able to assess corruption and conflicts of interest among water policy makers and utilities.

Approaches include lobbying policy makers for legal reforms, media campaigns that highlight the diminished revenues and water service levels arising from corruption, and organising workshops for decision makers and water users groups. Public awareness can be raised by using humour, e.g. by producing anti-corruption angles in water comic books or calendars with scornful depic-

tions of actors engaged in corruption. Travelling anti-corruption exhibits and theatre groups can weave recognisable events in the daily use of water into their scenarios, creating a common language for discussions that socially shame the corrupt.

II. ANALYSIS

A key recommendation of the Global Corruption Report 2008 was that the water sector needs to know more about corruption risks through appropriate assessments that become standard practice, just as Environmental Impact Assessment became a mainstream tool to consider and mitigate the potential environmental impacts of projects. The report found that:

- Assessing potential corruption risks and putting preventative measures in place is easier and much more cost-effective than trying to clean up corruption after it becomes established.
- Corruption risk assessments need to be linked to actions that prevent corruption. But it is necessary to ‘look before you leap’ as poorly planned anti-corruption activities can backfire and instead result in only shifting how and where the corruption occurs.
- There is no single agreed upon methodology for corruption risk assessment in the water sector. However, many useful frameworks and tools have recently been developed and tested, and new sets of guidelines and better quality case studies provide most of the elements required for users to undertake a tailored corruption risk assessment.
- Understanding different types of corruption and where and how they occur is the key to a useful corruption risk assessment. This allows early warning indicators to be identified that can be used to diagnose potential problems, and to link problems to the right kind of preventative actions.

Section IV provides tools and techniques for assessing corruption.

III. APPROACH

The major challenge for everybody who wants to “clear muddy waters” is to address incentives for change towards water integrity, transparency and accountability. Effective prevention involves identifying and understanding the drivers: need, greed, the opportunity for money or power, or simply the basic need for access to water. Understanding the incentives for companies, communities or individuals requires analysis of the local context, influenced by interconnected institutional, economic, social and political factors.

This complex web can involve one or more types of corruption and misuse of utility funds or revenues. Powerful traditional patronage networks or new patron-client relationships may influence these interactions. Corruption will always flourish whenever the short-term tangible benefits outweigh the expected losses and the risk of being held accountable is low. The key element of any anti-corruption strategy is to change these trade-offs so that no one is motivated towards corrupt behaviour. This may involve sharing responsibilities; establishing clear administrative rules, regulations and controlling mechanisms; minimizing the frequency of financial transactions and reducing the potential gain from each one; raising the probability of detection; and increasing the level of penalties.

A first step to enhance water integrity is to identify the drivers of misuse of power and the lack of water integrity. In general, these drivers are

- Increased monopoly and discretionary power, which are common in water institutions.
- Failure of monopolistic state delivery that creates opportunities for petty corruption.
- Limited demand for accountability in developing countries in relation to the link between service providers and consumers.
- Weak civil society and underdeveloped concept of customer rights.
- Linkages to other sectors which are particularly vulnerable to corruption, e.g. construction.
- As a high-risk construction sector, water displays the resource allocation and procurement-related abuses which arise when the public and private sectors meet.

- Low capacity, low wages, lack of clear rules and regulations, and dysfunctional institutions.

These drivers of corruption need to be counter balanced by drivers for change that can enable institutions and the public to make informed decisions, which can improve the accountability of governments, and reduce the scope for corruption.

In the water sector, there are a number of opportunities that give rise to demand for bribes and supply side of corruption. The demand side involves people who are in charge of offering services who demand bribes in exchange for service. The supply side refers to those who give bribes in order to get preferential treatment. Many anti-corruption solutions are tailored to improve corporate governance principles, which create an environment that dissuades corruption. The following table describes typical demand and supply side drivers of corruption and key solutions.

Demand side drivers of corruption	Supply side drivers of corruption
Those with authority over decision-making processes at all levels of society who are willing to dispense advantages for personal gain through bribery or other incentives.	Those who depend on authorities to obtain access and/or advantages seek to influence decision-making for personal gain through bribery or other incentives.
Key solutions: Strengthen transparency and information flows, improve mechanism of service accountability.	Key solutions: Incentives for stakeholders to oppose corruption, anticorruption explicit in institutional reforms.

The key solution to promoting transparency and accountability on both sides of water sector corruption is to introduce high levels of participation of stakeholders. An incentive is a reward that induces, stimulates, or encourages a desired action. There are a number of incentives and disincentives in the water sector that influence how it operates. Corruption flourishes when the incentives exist for it to do so, when the potential gains from the corrupt actions outweigh the potential losses. To change this behaviour, expected gains must be lowered and expected penalties increased. Expected gains can

be lowered by reducing both the incidence of corrupt transactions and the gain from each single transaction.

Incentives for Corruption	Incentives for water integrity
<ul style="list-style-type: none"> • Weak internal systems • No complaint mechanisms • Monopoly • Discretion of decision-makers 	<ul style="list-style-type: none"> • Codes of conduct that are enforceable • Mechanisms for participation of users/citizens/consumers • Sanctions against corruption

Stalgren proposes the term “PACTIV” Approach to increase integrity in the Water Sector. The first letter of five vital building blocks for increasing water integrity makes up the acronym PACTIV: Political leadership, Accountability, Capacity, Transparency, Implementation and Voice. This acronym also includes the word PACT - emphasising the need for broad-based alliances - as well as the word ACTIV - which is a reminder of the urgency to take action in fighting corruption in the water sector.



PACTIV

Building block	Rationale	Type of action
Political leadership:	Mobilise support from Political leaders and engage Them as constructive anti-corruption partners	<ul style="list-style-type: none"> • Illuminate the potential political leverage from decreased corruption in the water sector (e.g. WWS and irrigation) • Include political leaders in discussions at all stages of water projects • Record and publicly display commitments of support made by politicians
Accountability:	Reform political and judicial institutions to reduce discretion and increase integrity	<ul style="list-style-type: none"> • Increase competition in elections to catchment boards • Expose public officials to the hardships of the poor water users they are entrusted to serve • Check contractors' support of political election campaigns • Strengthen independent auditing
Capacity:	Strengthen capacity of public institutions and civil society	<ul style="list-style-type: none"> • Increase technical competence of regulators and procurement officials • Create professional working environments with reasonable wages • Support independent data collection and diagnostics by civil society
Transparency:	Encourage openness and freedom of information to allow for advocacy and disclosure of illicit behaviour	<ul style="list-style-type: none"> • Train media in investigative journalism on corruption in water • Publicly display (in newspapers and in villages) information on water contracts and accounts • Disclose water authorities' decision making procedures and protocols
Implementation:	Put existing reforms and anti-corruption tools into action	<ul style="list-style-type: none"> • Make use of existing technical equipment for monitoring • Execute on-the-shelf policies • Impose stiff judicial and economic sanctions on culprits
Voice:	Strengthen channels for water users, public officials and private employees to voice discontent and report corruption	<ul style="list-style-type: none"> • Introduce whistleblower programs in utilities and public agencies • Expand voting rights in elections for catchment and sub-catchment boards

IV. EXAMPLES AND EXERCISES

Tools and Techniques for Assessing Corruption

Corruption Interactions Framework

This framework was originally published by Plummer and Cross (2007) and has been widely used and adapted, and also published in a simplified form in the Glo-

bal Corruption Report 2008 on the water sector. The framework differentiates between (1) public to public interaction, (2) public to private interactions, and (3) public to consumer interaction.

Corruption Interaction Framework

Public to public interactions	Early warning indicators	Anti-corruption measures
Policy-making/regulation <ul style="list-style-type: none"> • Diversion of funds • Distortions in decision-making, policy-making 	 <ul style="list-style-type: none"> • Monopolies/tariff abnormalities • Lack of clarity of regulator/provider roles • Embezzlement in budgeting, planning, fiscals transfers 	 <ul style="list-style-type: none"> • Policy and tariff reform • Separation • Transparent minimum standards • Independent auditing
Planning and budgeting <ul style="list-style-type: none"> • Corruption in planning and management • Bribery and kickbacks in fiscal transfers 	 <ul style="list-style-type: none"> • Speed/complexity of budget processes • No signatures • % spending on capital intensive spending 	 <ul style="list-style-type: none"> • Citizen oversight and monitoring • Technical auditing • Participatory planning and budgeting
Management and programme design <ul style="list-style-type: none"> • Appointments, transfers • Preferred candidates • Selection of projects 	 <ul style="list-style-type: none"> • Unqualified senior staff • Low • Salaries, high perks, HH assets • Increase in price of informal water 	 <ul style="list-style-type: none"> • Performance based staff reforms • Transparent, competitive appointments

Source: Janette Plummer, Patrik Stalgren, Piers Cross at World Water Week-Stockholm 22. August 2006

Public to private interactions	Early warning indicators	Anti-corruption measures
Procurement <ul style="list-style-type: none"> • Bribery, fraud, collusion in tenders 	 <ul style="list-style-type: none"> • Same tenders lists • Bidders drop out • Higher unit costs 	<ul style="list-style-type: none"> • Simplify tender documents • Bidding transparency • Independent tender evaluation
Construction <ul style="list-style-type: none"> • Fraud/bribes in construction 	 <ul style="list-style-type: none"> • Variation orders • Low worker payments 	<ul style="list-style-type: none"> • Integrity pacts • Citizen oversight and monitoring • Technical auditing
Operation <ul style="list-style-type: none"> • Fraud/bribes in construction 	 <ul style="list-style-type: none"> • Single source supply • Change in quality and coverage 	<ul style="list-style-type: none"> • Citizen auditing, public hearings • Benchmarking

Public to consumer interactions	Early warning indicators	Anti-corruption measures
Construction <ul style="list-style-type: none"> Community based WSS -theft of materials Fraudulent documents 	<ul style="list-style-type: none"> Loss of materials Infrastructure failure 	<ul style="list-style-type: none"> Corruption assessment Citizen monitoring and oversight Report cards Transparency in reporting
Operations <ul style="list-style-type: none"> Admin corruption (access, service, speed) 	<ul style="list-style-type: none"> Low rate of faults Lack of interest in connection campaigns Night time tanking 	<ul style="list-style-type: none"> Citizen oversight and monitoring Complaint redressal Reform to customer interface(e.g. women cashiers)
Payment systems <ul style="list-style-type: none"> Meter, billing and collection-fraud and bribery 	<ul style="list-style-type: none"> Unexplained variations in revenues 	

Source: Janelle Plummer, Patrik Stalgren, Piers Cross at World Water Week-Stockholm 22. August 2006

United National Development Programme (UNDP)

UNDP mentions four methods used to evaluate the level of corruption (1) benchmarking of performance of water utilities, (2) general corruption perception indices, (3) financial indicators that compare awarded with estimated prices in procurement procedures, and (4) household surveys on bribery. A “mapping approach” was used by Anton Earle et al (2008) to study integrity and accountability in water activities in the SADC-region.

Water Integrity Network (WIN) Advocacy Guide

The Advocacy Guide has five modules that support WIN members and anti-corruption activists to engage in advocacy using “A Toolbox for Water Integrity Action”. The modules outline key steps for: (1) planning and preparation of advocacy campaigns (2) advocacy in action, (3) research for advocacy, (4) the importance of coalition building, and (5) how to monitor and evaluate the actual impact of advocacy work.

Objectives of the AWIS

- Give an overview of the state of water integrity and map potential integrity risks in five main risk areas of a specific water sub-sector.
- Increase awareness about water integrity (TAP) to stimulate action resulting from constructive and solution oriented dialogue among different stakeholders.
- Identify priority areas for action by reflecting on the outcome of the AWIS and the experiences of different stakeholder groups to increase integrity and strengthen the water governance framework.
- Document change over time by repeating the AWIS.

Annotated Water Integrity Scan (AWIS)

This tool has been designed to quickly assess the integrity situation in the water sector by analysing risks that may facilitate corruption and hinder good governance.

The process includes workshops at which recognised experts from a country’s water sector score and discuss various indicators to measure risks and institutional weaknesses that can lead to corruption in the sector. AWIS was developed by the Water Integrity Network (WIN) together with the International Water and Sanitation Centre. It assesses the integrity of five main aspects:

- Policy and legislation
- Regulation
- Investment projects and programmes
- Service provision
- Anti-corruption measures

Participants explore three of the main pillars of integrity: transparency, accountability and participation (TAP). AWIS assesses TAP through scores that are complemented with annotations that have qualitative information to explain the scores based on the dialogue amongst workshop participants. This scan also facilitates the exchange of information and perceptions through dialogue. This creates a basis for prioritisation of water integrity action.

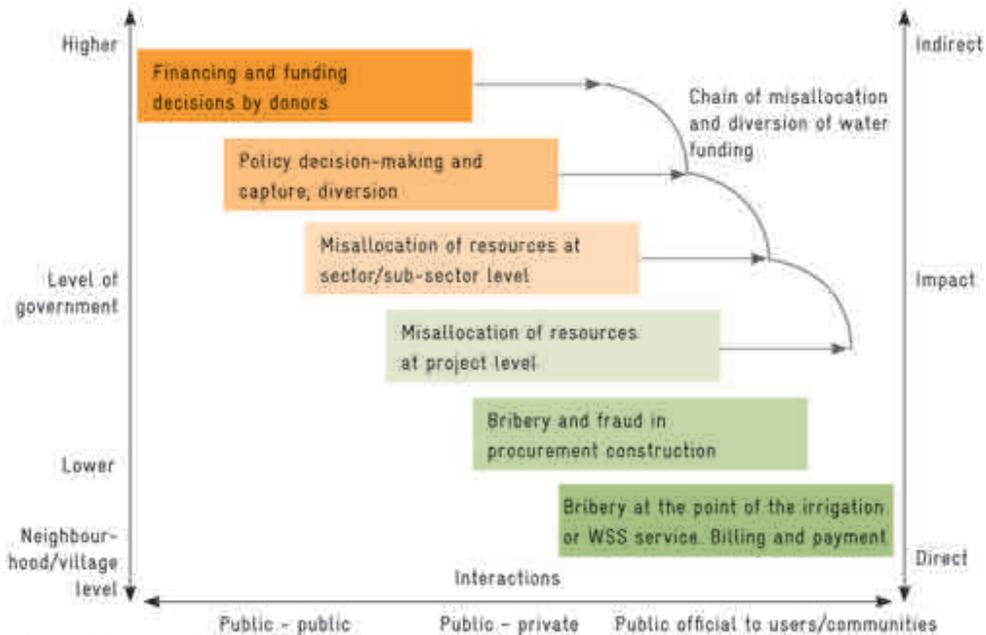
World Bank and Transparency International Utility Checklist

The utility checklist focuses specifically on the utility’s management system and aims to assess its vulnerability to abuse of authority and resources. The purposes of the utility checklist are to:

- Identify and begin to focus on the different areas of vulnerability to abuse of authority and management of resources.
- Provide a common base of information and understanding for all parties interested in knowing about and improving the effectiveness of the water utility. The dissemination of this information helps to promote transparency.

The ultimate goal is to have the results of the checklist serve as a basis for change within the organization. This can only happen with certainty when the leadership is committed to good governance and has in place the systems that will enable it to act effectively. Appendix A illustrates the checklist.

Simplified Water Sector Value Chain (and Chain of Misallocation)



Source: Plummer, J, 2007

Water Sector Value Chain

The following chart explains the elements of a simplified “Water Sector Value Chain” and the chain of possible misallocation.

Corruption Risk Mapping Exercise

The aim of this exercise is to identify corruption risks in the water sector by looking at all the actors, institutions, their interrelationships, activities, and procedures. The water sector comprises many different processes, including policy-making and regulation, planning and budgeting, funding and fiscal transfers and others. Each of these processes usually comprises three steps, called ‘sub-processes’ in the corruption risk matrix (see below). The corruption risk map is comprised of four main steps.

1. **Identification:** The first step is to provide an overview of the water sector in your country by focusing on the existing institutions and actors and how they interact. Afterwards, you define the main processes and sub-processes in the water sector.
2. **Assessment:** The second step identifies corruption cases and matches them with the illicit conduct portrayed in the UN Convention Against Corruption.

3. **Risk Map:** The third step identifies what processes and sub-processes are harmed by the corrupt conduct.
4. **Proposed Measures:** The fourth step involves identifying the tools or actions that could prevent or mitigate corruption.



Example of the most common processes in the water sector

Processes	Sub-process 1	Sub-process 2	Sub-process 3
Policy-making and regulation	Design	Implementation	Evaluation
Planning and budgeting	Planning	Monitoring	Evaluation
Donor financing, funding and fiscal transfers	Reception of funding/transfer	Project implementation	Report of account
Management and programme design	Planning	Implementation	Monitoring
Tendering and procurement	Planning	Procurement	Payment
Construction	Design	Bid	Build
Operation and maintenance	Planning/Definition	Implementation	Monitoring/Payment
Payment(for services)	Service Provision	Verification	Payment

The completed corruption risk map would look similar to this example:

Process	Sub-process 1	Corruption risk S-p 1	Tool/action to reduce corruption risk	Sub-process 2	Corruption risk S-p 2	Tool/action to reduce corruption risk	Sub-process 3	Corruption risk S-p 3	Tool/action to reduce corruption risk
Tendering and procurement	Planning	Bribery to influence contact/bid organization	Lobbyist registration access to public information law	Procurement	Corruption in award of concession over duration, exclusivity, tariffs, subsidies	Disclosure of income and assets code of ethics independent audit function whistleblower protection	Payment	Falsification of accounts	Whistle-blower protection independent audit agency
Construction	Design	Bribery to influence design	Lobbyist registration access to public information law e-government	Bid	Bribery to influence contact/bid organization	Disclosure of income and assets code of ethics independent audit function whistleblower protection	Build	Fraudulent invoicing	Independent audit agency
Operation and maintenance	Planning/definition	Bribery to influence planning	Lobbyist registration access to public information law e-government	Implementation	Fraud	Independent audit agency ombudsman	E-Monitoring/payment	Falsification of accounts	Independent audit agency

Examples of corruption risk and anti-corruption measures, from Making anti-corruption work for the poor, PPT presentation by Plummer, the World Bank, Stockholm World Water Week 2007.

V. LESSONS LEARNED

The Water Integrity Network (WIN) concludes that integrity in urban water supply and sanitation is a complex issue with related challenges that go beyond city limits and beyond the water sector itself. The links to environmental issues, land management, and broader governance problems are very important. The most pressing challenge is often providing informal settlements and peri-urban areas with adequate, sustainable and affordable water supply and sanitation services. Misuse of entrusted power for private gain may be a major obstacle in extending access to inhabitants of such settlements.

“Corruption is an important threat to the sector not just today but also with respect to the future. It is likely that corruption, and bad governance in general, will compound the challenges faced by the sector. Reforms introduced with good intentions may fail because nei-

ther the political economy, nor related issues of corruption were considered in the planning stages. It is thus more important to get a good understanding of a specific urban context, in order to minimise the risks of failure than trying to import-export “best practices” Improving water integrity therefore “requires an approach that helps to understand how corruption works and to identify the root causes of the different types of corruption. A feeling for what matters in the fight against corruption together with sound knowledge of the context will help to develop the innovative approaches that are needed in order to enhance the integrity of the water and sanitation sector in urban contexts and beyond.” Key recommendations by Stalgren to break with corruption in the water sector are:

- “Align anti-corruption measures in the water sector with national governance reform.
- Mobilise political support and engage leaders as constructive anti-corruption partners.

- Diagnose anti-corruption measures. Rethink traditional one-size-fits-all responses to anti-corruption measures to make them more applicable to the water sector.
 - Corruption is the symptom: target the system. Corruption is not primarily driven by individuals trying to earn an extra buck, but is part of established social systems in need of reform.
 - Be preventive rather than reactive. Corruption has immediate negative effects and once corrupt systems are established, they tend to stick.
 - Don't stand alone. Build comprehensive networks of actors from the local, national, regional and international levels and from all spheres of society: private, public and civil society.
 - Recognise that no one is immune to corruption. Poor marginalised women, well-educated scientific experts and well-meaning international aid workers can all be part of the problem.
 - Work around as well as on corruption. When corruption takes on systemic proportions, the requirements for targeted action may be absent, which calls for an indirect approach.
 - Anticipate unexpected consequences. Tackling corruption means moving in uncharted territory where targeted measures can result in unintended effects. This calls for patience, resources and political and institutional reserves.
 - Focus on the needs of poor and marginalised people. They are often the most affected by corruption and can, in the short run, be disenfranchised by effective anti-corruption measures”.
- combat corruption in the water supply and sanitation sector (Module 5, page 143-158). The Step-by-Step Approach in developing an anti-corruption action plan includes:
- 1) Complete and prioritize the water sector corruption risk matrix
 - 2) Select and use the diagnostic tools
 - 3) Identification of impact indicators and their baseline values
 - 4) Identification of anticorruption tools in the water sector
 - 5) Developing a detailed anticorruption action plan (see sample, next page)
 - 6) Monitoring and reporting on the status of the action plan
- The Training Manual on Water Integrity and associated instructional materials provides tools to design capacity building and training, which can be tailored to fit the specific conditions of any region or country in need of training, to be run upon request as a demand driven programme. The programme package is composed of seven different modules which can be delivered independently or in combination:
 - Module 1: Definitions and concepts
 - Module 2: Impacts of and drivers for integrity, transparency and accountability
 - Module 3: Applicability to water resources management and development
 - Module 4: Institutions, laws, and instruments
 - Module 5: Integrity and accountability in water
 - Module 6: Importance of access to and type of information
 - Module 7: Tools and methodologies to ensure integrity, transparency, and accountability

VI. TAKING ACTION

To combat misuse of resources and corruption in the water supply and sanitation sector, we must move from analysis to action. In doing this, we need to keep in mind that a lack of integrity is only one aspect of poor governance and that the overall objective is to improve the operation of utilities for the benefit of the general good.

Two sources are ready for application:

- Maria Gonzales de Asis and Donal O’Leary developed an Action Plan to synthesize and apply the principal messages to improve water integrity and



Identification of Anti-corruption Tools in the Water Sector

Anticorruption tools in the water sector	Strengths	Weaknesses	Choose (Y/N)
Access to information and public participation			
Meetings to discuss corruption in the water sector			
Access to information laws			
Communication between water utility and its consumers			
Complaints & ombudsman office			
Community participation			
Budgetary/expenditure			
Public expenditure tracking (PET)			
Promoting ethics, professionalism and integrity			
Integrity pacts			
Business Principles for Countering Bribery (BPCB)			
International conventions			
Institutional reform/oversight			
Independent auditing			
Regulator(s)			
E-procurement			
Conflict of interest policies, codes of conduct			
Disclosure of income and assets			
Collaborative models for providing WSS to the poor			
Comments			

References

[1] WIN 2008
 [2] Training Manual on Water Integrity, Page 21
 [3] WGF 2011, Page 22. For more definitions consult Transparency International, The Anti-Corruption Plain Language Guide, 2009.
 [4] Training Manual on Water Integrity, page 21
 [5] World Bank 2009
 [6] Jennifer Davis, cited in Stalgren.
 [7] World Bank, 2009, page 36
 [8] Maria Gonzales de Asis et al. World Bank 2009
 [9] Transparency International 2008
 [10] Transparency International 2008, page 6ff
 [11] UNDP 2010, page 15
 [12] WIN 2011
 [13] Source: Stalgren 2006, pages 12-16
 [14] For examples, see http://www.transparency.org/whatwedo/tools/resources_about_integrity_pacts/3/
 [15] www.facebook.com/pages/Water-Integrity-Network/159097367448081
 [16] Transparency International, 2008
 [17] Transparency International, 2008, page 14
 [18] Stalgren, 2006, page 15
 [19] Transparency International, 2008
 [20] UNDP, 2011
 [21] WIN 2011, Tool Sheet, The Annotated Water Integrity Scans (AWIS).

[22] WIN 2009, Advocacy Guide
 [23] World Bank, 2009
 [24] Janelle Plummer, WGF, 2011
 [25] WIN, 2011, page 3-4
 [26] Ibid, Page 4
 [27] Ibid, Page 4
 [28] Stalgren, 2006, page 22
 [29] World Bank, 2009
 [30] WGF, 2011
 [31] Ibid

This chapter is based on the Training Manual on Water Integrity (Water Governance Facility WGF) and the primer of the Swedish Water House (Stalgren 2006), augmented by studies from Transparency International (TI), UNDP, the World Bank, and the Water Integrity Network. Permission was granted by Håkan Tropp, Director, UNDP Water Governance Facility at SIWI, WGF.

Water Governance Facility (WGF) in partnership with Cap-Net, WaterNet and Water Integrity Network. 2010. Training Manual on Water Integrity. WGF/SIWI Stockholm. The document can be downloaded in various language versions on www.watergovernance.org

The purpose of the water integrity training manual is to help capacity builders carry out training in promoting water integrity. In parallel, WIN and its water integrity capacity development partners continued to refine a draft global strategy for their collaborative programmes (meant as a guiding, rather than operational, document). Participants include WGF, Cap-Net, IRC and WIN.

Global Corruption Report 2008. Corruption in the Water Sector. Transparency International, Cambridge University Press. UK

Maria Gonzalez de Asis, Donal O'Leary, Per Ljung, and John Butterworth (ed.) WB 2009. Improving Transparency, Integrity, and Accountability in Water Supply and Sanitation: Action, Learning, Experiences. The World Bank Institute and Transparency International. Publication 47968. The World Bank 2009

Stalgren, Patrik, SIWI 2006. Corruption in the Water Sector. Causes, Consequences and Potential Reform. Swedish Water House Policy. Brief Nr. 4, SIWI, Sweden

UNDP 2011. Fighting Corruption in the Water Sector. Methods, Tool and Good Practices. Written by Jeroen Vos. New York Water Integrity Network 2009. Advocacy Guide. A Toolbox for Water Integrity Action. Author: Eric Guitierrez. WIN, Berlin, Germany

Useful Resources and Websites

Water Integrity Network: www.waterintegritynetwork.net
 Water Governance Facility: www.watergovernance.org
 Transparency International: www.transparency.org
 Global Water Partnership: www.gwpforum.org
 U4 Anti-Corruption Resource Centre

Related Chapters in this Guidebook

Governance; Ethics; Public Involvement; Serving the Poor; Performance Management; Performance Audits; Minimum Service Standards

Attachment A

World Bank Institute and Transparency International Utility Management Checklist

Ethical framework	<ol style="list-style-type: none"> 1. Is there a code of conduct for the senior managers? 2. Is it used and thought to be effective? 3. Are the assets and incomes of senior managers disclosed
Public complaints	<ol style="list-style-type: none"> 4. Is there an independent complaints office within the utility? 5. Is it known to the public and to staff? 6. Is it effective and respected? 7. Is there retaliation against whistle-blowers or are they protected? 8. Can anonymous complaints be made? 9. Is there a programme for testing the integrity of the various departments or business units? 10. Is the programme publicised and is it effective?
Leadership	<ol style="list-style-type: none"> 11. Is the senior leadership committed to the fight against corruption and how has this been demonstrated in both words and deeds? 12. Does the public respect the work of the utility?
Human resources	<ol style="list-style-type: none"> 13. Is there respect for work rules by all staff, including supervisors? 14. Is the system for recruiting, disciplining, and promoting staff fair? 15. Are pay scales and benefits fair? 16. Is the internal administrative system for appeals of staff decisions considered fair?
Service levels and targets	<ol style="list-style-type: none"> 17. Are service levels in different areas monitored on a regular basis? 18. Are targets for service improvements set on an annual basis in consultation with the affected public? 19. Are actual service levels and service targets made public? 20. Are budget allocations clearly linked with service targets?
Budgeting	<ol style="list-style-type: none"> 21. Is the budgeting process well publicised and open to the public? 22. Does the public actively and directly participate in shaping the utility's budget priorities?
Procurement	<ol style="list-style-type: none"> 23. Is the procurement system reputed to be fair? 24. Is it based on competitive principles? 25. Are procurements advertised in advance and made known to the public? 26. Is the process for selecting a bidder thorough and fair? 27. Are conflict of interest rules enforced? 28. Does the utility make its investments through a competitive process?

Source: Maria de Gonzales et al., The World Bank 2009

