The Impacts of Integrity Failures and Corruption: Affordability of Water and Sanitation Services

UNECE Regional Workshop on Equitable Access to Water and Sanitation - June 13-14, 2022

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Corruption watchdog starts probe into lead in water scandal

Photo by Ismail, WIN Photo competition 2016

How Does a Flood-prone City Run Out of Water? Inside Chennai’s “Dav Zero” Crisis

Graft probe into Sabah Water Department another $10 million in foreign banks

Bucharest's French water supplier, in the center of bribery scandal in Romania be quizzed by anti-corruption bureau

Billions spent, No safe water

Corruption seeps into South Africa’s R26 billion water project: report

Illegal water connections cost council millions

Water wars exposes a rotten system bleeding cash

How Nigeria’s Ministry of Water resources awarded N1.02 billion to COVID-19 projects to unregistered companies

Jamones de bellota a cambio de agua para regalar

Brazil's leaders face a damning problem over vast hydroelectric project

US mayor in sex-for-water claims

Lack of good governance leads to poor water management

Peers fear upright water affairs official was assassinated

FCC's failed Flix clean-up reignites Acuamed scandal

political leaders, brokers control water supply

Water Integrity Network - April 2022
WIN: championing integrity in water and sanitation

Only organisation/network focused solely on integrity/anti-corruption in the water and sanitation sector

We advocate political and social action for water and sanitation integrity, **raising awareness of the benefits of integrity and training stakeholders** to tackle the issue.

We encourage collective action by **supporting multi-stakeholder processes**, connecting actors, and **enabling knowledge sharing** among practitioners.

We promote practical evidence-based responses to poor integrity, **assessing and researching risks**, and **developing integrity risk mitigation strategies** at different levels.
Global network for change

Members

Partners

Funders
Why is Integrity Important?

**Integrity** is the use of vested powers and resources ethically and honestly for the provision of sustainable and equitable water and sanitation services in the public interest.

\[
\text{Integrity} = \text{Transparency} + \text{Accountability} + \text{Participation} + \text{Anti-corruption}
\]

Lack of integrity contributes to, amongst other things:

- Waste of financial resources (capital and maintenance)
- Poor performance
- Poor resource allocation
- Poor service delivery
- Disenfranchised communities and groups
- Significant social and economic challenges
OECD Principles on Water Governance

- Integrity lapses and corrupt practices leads to:
  - Financial outflows undermining affordably
  - Poor decision making
  - Lack of trust

- WIN believes that to realise have effective, efficient water and sanitation governance and service delivery integrity and anti-corruption needs to be systematically addressed in organizations.
3 major areas of corruption and integrity failures

**CORRUPTION IN PUBLIC RESOURCE MANAGEMENT**
(high or low level)
Examples: Collusion in procurement, accounting fraud, funds diverted with falsified construction or maintenance work orders, cronies hired in strategic positions, abusive per diem claims.

**CORRUPTION AT INDIVIDUAL/INSTITUTION INTERFACE**
(incl. petty corruption)
Examples: Bribe to an official or service provider for a speedier connection or corrected meter reading, bribe to illegally dump waste.

**ISSUES OF INTEGRITY, EQUITY AND DEVELOPMENT**
 esp. in marginalised settings like informal settlements
Examples: Lack of financial provisions for service delivery in informal settlements, lack of accountability measures for residents, and lack of data on needs and service levels in informal settlements.
Integrity failures: action and inaction across project lifecycle

**ALLOCATION**
- Funds allocated primarily to villages of family or friends
- Funds allocated to ghost villages and embezzled

**PROCUREMENT**
- Local power and community politics
- Tendering process controlled by cartels
- Arbitrary tariff setting

**CONSTRUCTION**
- Substandard, cheaper materials used
- Built structure not according to specifications or bid

**SERVICE DELIVERY**
- Bribes demanded or received for services
- Vulnerable communities left behind

**OPERATION**
- Lack of accountability and poor maintenance of facilities
- No control over funds meant for operations and repairs, money disappears
**Action oriented, collaborative, evidence-based, pro-poor – a few current projects**

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The cost of corruption and the opportunity for integrity

VULNERABLE SECTOR

- Water is increasingly scarce
- Water governance is complex, often poorly articulated across dispersed agencies with overlapping or unclear mandates
- Water management is technical
- Water infrastructure involves large flows of money
- Informal providers play a major role in service provision
- Water is essential – to access it, the poor, the voiceless, and the marginalized are often in vulnerable positions

MAJOR COSTS

- Financial cost – waste and drain on resources (4-26% losses to corruption)
- Social cost – poor water quality, poor service with direct impact on people’s health, lives, livelihoods.
- Environmental costs – pollution, vulnerability to disaster
- Long-term system failures – poor quality, delayed, or missing infrastructure
- Loss of economic productivity
- Lack of trust between water users and government
- Maladaptation to climate change

UNDERESTIMATED OPPORTUNITY

Integrity is a lever for change:

- For more effective and equitable use of the resources already available
- For addressing root causes of issues and systemic problems
- For building trust and creditworthiness and attract new financing
- That is mutually reinforcing with efforts to realise human rights to water and sanitation
- That is possible, with practical, incremental integrity management practices and TAPA
Practically addressing integrity risks at the level of the organisation

- Many risks with direct impact on costs and reputation of individual organisations
- Limited practical guidance on prioritising and dealing with risks systematically
INTEGRITY

TRANSPARENCY

BE OPEN:
Ensuring people know their rights, see how decisions are taken, and how money is spent.

ACCOUNTABILITY

MAKE SURE IT’S DONE:
Clarifying responsibilities and making sure stakeholders uphold their mandate.

PARTICIPATION

HAVE YOUR SAY:
Engaging with people when making decisions that affect them.

ANTI-CORRUPTION

PLAY BY THE RULES:
Leaving no space for corruption or impunity with clear, enforced rules.
Integrity: an opportunity and lever for change

- Address root causes of failures
- Ensure more effective and equitable use of limited resources
- Build trust, sustainability and creditworthiness, and attract new financing
- More effective than anti-corruption alone
- Mutually reinforcing with efforts to realise HRWS