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SUSTAINABLE DEVELOPMENT OF WATER RESOURCES, WATER SUPPLY AND ENVIRONMENTAL SANITATION

A framework for tackling corruption in the water and sanitation sector in Africa*J. Plummer, Ethiopia and P. Cross, Kenya*

For the past three decades a substantial number of governments, donors and NGOs have focused efforts on a range of institutional, financial, technical and social interventions aimed at bringing about much-needed improvements in the delivery of water and sanitation services in rural and urban areas of Africa. Largely absent from these efforts has been a serious attempt to tackle the corruption that occurs in a wide range of sector transactions. The purpose of this paper is to promote more comprehensive understanding of sector corruption and potential anti-corruption mechanisms among a broad audience of WSS stakeholders. The paper describes the plural nature of corruption in water and sanitation by setting out in a structured framework the network of corrupt practices prevalent in the sector. Emphasising the need for better diagnostics, the paper cautiously suggests that the most promising models for anti-corruption sector reform in the African continent appear to lie in the development of greater transparency and accountability mechanisms – supported by ongoing efforts in WSS sector reform

Introduction

The attainment of the water and sanitation MDGs is unlikely in the majority of African countries – the stability, investment and capacity needed to meet significant and growing demand is lacking. But even if additional finance became available, the unacceptable level of leakage of existing resources brings into question current processes and perhaps the wisdom of increasing resource flows to the sector. Much of the funding available in ministries, local governments, utilities and village administrations is being used by public office for private gain (World Bank, 1997).

Understanding corruption in the WSS sector

Corruption can generally be understood in terms of: bureaucratic or petty corruption in which a vast number of officials abusing public office extract small bribes and favours; grand corruption meaning the use of vast amounts of sector funds by a relative small number of officials; or state capture seen in the collusion between public and private actors for private benefit (Schacter and Shah, 2000). In WSS, these corrupt practices, big and small, take the form of: (i) abuse of resources – theft and embezzlement from budgets and revenues, (ii) corruption in procurement which results in overpayment and failure to enforce quality standards, (iii) administrative corruption in payment systems, and (iv) corruption at the point of service delivery.

This corruption varies substantially in size and incidence, but it is likely that somewhere in the region of 20-40% of WSS sector finances is being lost to those tasked with the decision-making and delivery of water and sanitation services (Davis, 2003; World Bank, 2003). This scale is significant.

If the estimated 6.7 billion USD needed to reach the MDGs in sub-Saharan Africa was mobilized annually, a 30% leakage would represent a loss of over 20 billion USD from the sector over the next decade.¹

Although data is weak, evidence suggests that corruption in the WSS sector varies by system, by country (and sub-regions), by governance and a multitude of other factors. The type, size and incidence of corruption in service delivery may be a function of the path of legislative reform, the nature of the water market, or the way the sector has been managed, or it may be an outcome of decentralization, the role of social structures and civil society. In rural and peri-urban areas, the highly opaque construction and management processes, the remote, unmonitored and low capacity contexts, and the lack of competition, all potentially contribute to local level corruption, capture and collusion.

Who is involved? WSS sector corruption involves, to some degree, a vast range of stakeholders. The list of actors includes international actors (both donor representatives and private companies and multinationals), international, national and local construction companies, consultancy firms and suppliers, large and small-scale operators, a range of middlemen, consumers and CSOs as well as national and sub-national politicians, and all grades of civil servants and utility staff. Corrupt activities between these partners occur at a range of institutional levels, with different stakeholders often involved in more than one type of corrupt transaction.

What are the causes? Like all corruption in developing and transitional economies, corruption in WSS in Africa is founded in historical, political and social realities, the causes of corruption are not sectoral. Corrupt practices take hold

and are manifest in different contexts in very different ways and legal frameworks, institutional structures and bureaucratic systems strongly influence how elected, managerial and technical officials behave. Klitgaard's definition of corruption:

Corruption = Monopoly + Discretion – Accountability, (Klitgaard, 1998) is very relevant to an understanding of the WSS sector in Africa in that it highlights the aggregate effect of monopoly and discretionary power. The WSS sector has long grappled with its monopolistic past and the traits (such as high capital costs and economies of scale) that tend to keep it that way. A strong characteristic of agencies and officials involved in the sector is their enormous discretion in the planning, design, contracting, implementation and monitoring of water and sanitation service delivery (compounded by a lack of clarity of rules and regulations). Yet public officials at all levels shoulder a range of responsibilities and must meet the obligations that come with their position (Burgess, 2006). To this it must be added that demand for accountability for services, although improving in many contexts, is typically a missing element in service-provider and water-user relationships in Africa (Gray and Kaufmann, 1998).

Is the water sector prone to corruption? It is difficult not to follow the lead of other sectors and emphasize the enormity of the problem of WSS sector corruption. While we know it is significant however, we do not currently know if the WSS sector is more or less prone to corruption, or whether such a generalization could be made when we know country contexts, institutions and policies vary so greatly. Nevertheless it is possible to posit a number of characteristics which make WSS services susceptible and a cause for grave concern for all stakeholders. Many of the fundamental issues, such as low capacity, low wages, dysfunctional institutions, and large-scale procurement are common to public service delivery, but the WSS sector is a part of the construction sector, globally thought to be the most corrupt of all sectors (TI, 2005), and it does aggregate a number of other dimensions which suggest relatively high potential for corruption. These include, inter alia, (i) the large flow of public money, often uncoordinated donor, national and local funds, (ii) the opacity, political interference and discretion in investment decisions, (iii) the monopolistic nature of service delivery, coupled with the failure of sector financing and cost recovery, problematic tariffs and subsidies, and the increasing role of the informal market, (iv) the cost of sector assets, v) the asymmetry of information between user and provider, and (vi) the complexity of sector stakeholders, systems, levels of service, institutional roles and functions.

How much is corruption costing the WSS sector? Hypotheses on the scope and incidence of corruption in the WSS sector are largely untested. Leakage can be roughly estimated through comparative and limited sector studies, but to date it has not been measured in the WSS sector in Africa in any systematic way. As a proportion of sector expenditure, the high levels of petty corruption, in the aggregate, constitute a substantial figure across the continent, but we do not yet

have regional or country estimates based on empirical studies. The figure of 20-35% provided by Davis in the context of the service delivery in South Asia (Davis, 2003), provides a sector not a regional indication, but it should be noted that this estimate is limited to petty corruption and does not account for high level abuse or diversion of resources.

Promoting a comprehensive view of corruption

This purpose of this paper is to set out a comprehensive framework to unbundle and differentiate the various types of sector corruption. This framework can be used to tell us what corrupt practices exist, who is involved, and at what level they occur. It can be also used in each country context to locate the areas of corruption concentration, to plot shifts in corruption activity, and thus identify linkages in the corruption network. Ultimately the goal of this sort of information organizing exercise is to provide a robust framework that is relevant and applicable to the sector, integrates project level and cross-cutting governance diagnostics and is useable as a tool for understanding and promoting change.

The corruption framework (see table 1) is structured around interactions. This approach is driven by a need to engage with and build broad stakeholder commitment, and a strong belief that the problem should be articulated in terms of the actions of all public, private and civil society actors be they in demand or supply side roles. Beginning with the definition of corruption as the use of public office for private gain, the approach places the public office at the core of the interaction framework and notes that the public officer/agency will interact with one of three different types of actors: (i) other public actors/agencies, (ii) private actors/companies, or (iii) consumers/civil society.

I. Public to public interactions

Corrupt practices in water and sanitation service delivery occur within the government itself (irrespective of consumers or private actors), through a series of interactions pertaining to policy, budgeting and programming, regulation, implementation, operation and maintenance, and monitoring. The 'public' actor or government is made up of a range of actors from international, national and sub-national departments and agencies in both water and non-water (but influential) functions.

Grand corruption occurs among politicians and senior officials in the selection of WSS projects: capital-investment projects are favored over lower investment alternatives, sector investments that guarantee higher levels of return, are favored over those that do not. Public resources are diverted to WSS projects where there are greater levels of potential kickbacks, with the greatest incidence, at the lowest possible risk. Experience suggests that these are, more often than not, regressive in their impact. Sourcing water from surface rather than ground water alternatives (where available) is a typical illustration of decision-making that, while legal, creates opportunities for both grand and petty corruption. The need for the construction of costly water

treatment plants and ongoing procurement of chemicals, (and thus opportunity for recurrent bribery, extortion and fraud) such as that seen in Kinshasa, is characteristic of the types of decisions made within the water sector that have structural effects on corruption (Doyen, 2006).

Corrupt practices within government, typically involve interactions between public actors (although it may, in rare cases, be achieved by an individual alone). These interactions are ‘vertical’, within the hierarchy of water institutions, and/or ‘horizontal’ involving various line departments and agencies at a similar level of government. At the higher levels of government, corruption is opaque and complex, but distortions in the allocation of resources are only achieved by collaboration within water departments and between line departments such as Finance, Planning and Water Affairs. Officials are expected to ‘play the game’ and their status and power base is dependent on their willingness to work within the established system.

These vertical (or hierarchical) government interactions frequently concern personnel management: bribes for appointments, transfers, or a multitude of perks. Buying senior appointments is standard practice throughout the region and the prices paid for utility directorships or municipal engineers are often common knowledge and calculable, based on sector norms. Many argue that these types of practices, common throughout the civil service, lie at the core of the incentive and patronage system and propagate other forms of corruption. Or corrupt practices might be focused on the use and abuse of resources, obtained by manipulating budgets and other questionable financial management practices. This practice is exacerbated by a disconnect between policy objectives, planning and implementation. At the delivery agency and village level, this type of corruption might involve the diversion of the inputs themselves (e.g. chemicals) for resale or other use – all resulting in lower quality or quantity of water supply.

Public to public interactions might also include the collusion between government officials and international donor representatives. International donors are under pressure to disperse loans or grants, and to maintain relationships. In the water sector, this can lead to an emphasis on quantity over quality, and speed over specification. Furthermore, donor representatives, like all employees, have incentives to deliver and to be seen to be managing successful projects delivered on time and cost. On the government side, donor-funding channels large flows through inadequate financial management systems, often dwarfing annual budgets and the capacity of recipient departments, utilities or district offices. Funding also includes allowances that have a multitude of perverse personnel management effects, giving more senior public officials discretion to top up staff salaries by an order of magnitude and developing unhealthy incentive structures and relationships within recipient agencies.

II. Public to private interactions

Procurement, requiring the interaction between the public

and private sectors, is the most publicized face of corruption. Every level of government, and every type of government agency has to purchase goods and services, normally from the private sector. In WSS, a number of public actors may be involved depending on the size and type of project: national and local government politicians and managers, municipal engineers, operations staff, project managers, procurement officers, and a set of private actors that might include suppliers, contractors operators and/or local and national consultants. On large loans and projects it may also involve the collusion of donors seeking preferable terms for donor-country firms or operators.

It is a norm of economic life for private actors to seek to reduce competition, and is commonplace in the WSS sector at all levels – it is clear that the supply chain creates a number of concentrated opportunities for private gain. Bribery in relation to public procurement seeks to influence the selection of contracts for WSS services and supplies, payment schedules, profit margins and the outcomes of the regulatory process. In urban water supply, much of the attention on public-private interactions has inevitably focused on transactions for WSS operations. The practice of working out ‘privatizations in private’ created unworkable agreements in Africa, muddled incentive structures and undermined the possible benefits of reform attained through private sector efficiency and effectiveness.

Bribery in public procurement is well described elsewhere (Transparency International, 2005). It typically occurs:

- Before WSS contracts are awarded, high level officials can influence the way a contract is let, determining the nature of the project (e.g. higher investment projects), and then the contract (e.g. DBL, concessions, bundled services, franchise service area). Purchasing officials of a utility, municipality or district office then tailor specifications to suit favorite suppliers.
- During tendering corrupt practices restrict /provide information about contracting opportunities, create excuses for sole sourcing or uncompetitive selection, breach confidentiality or disqualify suppliers and accept/ solicit bribes to influence tender lists or selection procedures. It is also common for private suppliers, consultants and contractors to collude among themselves to set prices, take turns in bid-winning or to mark up pricing. In many such situations this, like the falsification of records, is known to the procuring official who turns a blind eye in return for a kick-back.
- After contracts are awarded, bribery and fraud is similar to other parts of the construction sector. Supervising officials are bribed to agree to falsified claims and/or accounts, to facilitate the speedy approval of payments; or regulators and oversight officials are bribed to turn a blind-eye when specifications are not adhered to. Typically these practices help contractors minimize costs and result in sub-standard works, affecting sustainability and safety.

A second set of corrupt interactions occur in the water market between public (local government and utility) officials and small private providers of water. Investigation into the

actions of small private water providers in squatter settlements reveal that their ability to function is often dependent on the deals they do with local officials. In squatter settlements in Nairobi for instance, legal water kiosk operators reported they struggle with inconsistent, irregular billing (Plummer, Mehrotra and Collignon, 2005). Legal operators bribe officials to obtain more reliable and longer daily bulk supply, while those functioning illegally pay officials to connect into the network or deliver bulk water that they then distribute in a competitive market. In the sanitation sector, small-scale private operators pay local government officials to allow them to dump waste on inappropriate sites, with health and environmental consequences.

III. Public to consumer/civil society interactions

Corrupt interactions between consumers and public officials, mostly in the form of bribery, are a wholly different matter. For the briber – the consumer – water is the desired outcome, and the incentive is to obtain a much-needed basic service. The corrupt interactions that take place between public water sector officials and poor water consumers are petty, frequent and systemic (they may be either extortive or collaborative). Common corrupt practices at the point of service delivery, include for instance, officials providing illegal connections, using utility water for resale in utility vehicles, or offering preferential treatment for repairs or new services.

Other common public-consumer interactions concern administrative corruption over payment systems – falsifying meter reading, or avoiding officials over-charging. Typically where poor consumers are involved, the bribe is demanded rather than offered. Most of these services result in commercial leakage adding to the inefficiencies of dysfunctional agencies. In surveys conducted in Mozambique (World Bank Institute, undated) 12% of households reported that it was always necessary to bribe officials for services, over 20% of user-enterprises reported that they paid bribes in over 25% of transactions, and almost half reported that it made no difference which official was involved – the need for bribes was the same (suggesting an institutional problem not a corrupt employee).

In rural areas, corruption affects the delivery of community-based and NGO supported water supply and sanitation projects in their design, implementation and ongoing maintenance. Although there is a lack of systematic assessment in Africa, collusion between village leaders and government overseers in ways that detrimentally affect the poor are frequently visible. In the initial stage of projects, for instance, it is common to see design decisions (e.g. location of pumps) benefiting the elite. In implementation, efforts to increase profit reflect typical public-private procurement and construction fraud and bribery described above (e.g. theft of materials, not building to specification), and in project management it involves fraudulent documentation, accounting and reporting by those tasked with managing finances. The cost of rural boreholes in Africa is considered by many to be a prime hotspot for further investigation.

In urban areas, community-based WSS projects suffer from similar patterns of behavior, distorting the type of installation selected, and ongoing management. Where the poor are served by utilities, they frequently pay bribes to officials to obtain access to services household connections and/or repairs off the utility-books, (and sewage disposal services). In squatter areas, the level of the bribe may be pitched at a level the poor can afford and thus becomes part of the cost of accessing services (and some poor households will be able to afford it better than others). In other situations where the poor live in mixed-income settlements, and the water market is differentiated, higher-income households are prepared to pay more and the bribe is likely to be higher, marginalizing the poor and placing them at the end of the queue (Collignon, 2005).

This corruption however is part of a series of failures (weak policies and institutions) that create a lack of services and inevitably create a market for corruption at the point of service delivery. It is vital that this corruption be viewed as a part of a system, it is far more complex than the picture of officials forcing consumers to pay bribes to obtain a service normally free of charge. Where there is no alternative supply (and especially where small private providers have not developed an informal supply market), it is common that poor and non-poor households create the demand for ‘corrupt water’. They need the officials to provide corrupt water. Similar to costly ‘informal’ water, corrupt water fills a gap created by ineffective agencies. In these cases corrupt officials, acting as informal providers, provide the poor with services they may not have otherwise obtained. This presents the sector with a dilemma, at least in the short-term, that needs to be carefully managed to ensure the poor have ongoing access to water.

Tackling corruption

This section on anti-corruption interventions aims to briefly consider the array of instruments for tackling corruption and to position these in relation to the WSS corruption interaction framework.

• Tackling corruption occurring within government (public-public interactions)

Corrupt interactions internal to the public sector – within or between government tiers, departments, WSS agencies and individuals – have generally been addressed through indirect initiatives aimed at civil service reform and have been carried into the African water institutions to varying degrees. It is not clear the extent to which these have been successful in combating corruption, but action has focused on reforming:

- (i) WSS sector restructuring and organizational change (openness to leveraging private sector and other local stakeholder involvement, sector coordination as well as civil service size, leadership, competition, separation of policy, regulation and implementation)
- (ii) Personnel management (pay structures, promotions/

Table 1. Corruption Matrix: Interaction Framework for the WSS Sector

| | PUBLIC-CONSUMER / CITIZEN Examples of Actions | PUBLIC-PUBLIC Examples of Actions | PUBLIC-PRIVATE Examples of Actions |
|------------------------|--|---|---|
| International | | <ul style="list-style-type: none"> • Donor – Government collusion (to meet spending /funding targets) • Donor collusion/fraud wrt to progress and quality (to facilitate relationship status quo) | <ul style="list-style-type: none"> • Donor and national private operator collusion (outside legal trade agreements) |
| National | | <ul style="list-style-type: none"> • Distortionary decision-making by politicians (location + types of investments) • Legal and regulatory corruption • Corruption in personnel management (bribery for transfers promotions appointments) • Administrative corruption (fraud, falsification of documents) • Corruption in national and sector planning and budget management (inter-ministerial bribery for fund allocation, collusion/bribery in selection and project approval) | <ul style="list-style-type: none"> • Corruption in public procurement (bribery to influence allocation of resources, contract organization; over/underestimation of assets; selection and type, award of concessions; decisions over duration, exclusivity, tariffs, subsidies; large national construction / operation contracts) • Legal and regulatory corruption (bribery to influence regulatory bodies) |
| Local | <ul style="list-style-type: none"> • Bribery in planning and budget management (to influence bulk supply) • Preferential treatment for services or repairs • Political influence over project decision-making | <ul style="list-style-type: none"> • Corruption in LG and sector planning and budget management (bribery and collusion in fund allocation and investment decision-making) • Corruption in personnel management (bribery for promotions, appointments and transfers, salary perks) • Administrative corruption (bribery for silence, administrative fraud) | <ul style="list-style-type: none"> • Corruption in personnel management (bribery for preferred candidates (e.g. utility directorship)) • Corruption in sector budgeting management in decentralized contexts (influencing, distortions in funding allocation) • Corruption in public procurement (influencing delivery agencies) • Regulatory corruption (waivers to regulations and licensing) |
| Delivery Agency | <ul style="list-style-type: none"> • Administrative corruption for water (access to water – installing, concealing illegal connections, avoiding disconnection, non-network illicit supply using public assets). • Administrative corruption for speed (speed or preferential treatment – repairs, new connections) • Administrative corruption for price (billing – fraudulent meter reading, avoidance or partial payment, over-charging) | <ul style="list-style-type: none"> • Corruption in personnel management (bribery for promotions, appointments and transfers, salary perks) • Administrative corruption (fraud, falsification of documents, silence payments) • Corruption in public procurement (Inter-department / agency collusion over procurement and construction) • Distortionary decision-making (collusion with leaders in selection + approval of plans/schemes) | <ul style="list-style-type: none"> • Corruption in public procurement – tendering and contracts – construction bribery and fraud – operations bribery and fraud (supply of chemicals etc, avoiding compliance with regulations, specifications, health and safety rules). |
| Community | <ul style="list-style-type: none"> • Distortionary decision-making (bribery for preferential treatment, elite capture) • Distortionary decision-making (project level– site selection, equipment, construction) • Administrative corruption | <ul style="list-style-type: none"> • Corruption in budget management (fraud, falsification of accounts /documents, village level collusion, • Corruption in services (kickbacks, pref. treatment) | <ul style="list-style-type: none"> • Corruption in public procurement (contract fraud, falsification of accounts / evidence, bribery in construction) |

Table 2. WSS Anti-Corruption Framework Of Mechanisms and Policies (Mapped over Corruption Interactions)

| | Targeted at PUBLIC-CONSUMER Actions | Targeted at PUBLIC-PUBLIC Actions | Targeted at PUBLIC-PRIVATE Actions | ENABLING ENVIRONMENT |
|------------------------|--|--|--|--|
| International | <ul style="list-style-type: none"> • Donor sanctions, MoUs, integrity pacts • International anti-corruption initiatives (PACI, EITI) • Global Water Integrity Network • Regional associations of local government and utilities, sanctions on offending firms, trade agreements | | | <ul style="list-style-type: none"> • Donor-donor pacts • Corruption perception / bribery, AC indexes • UN Anti-corruption convention • Codes of conduct |
| National | <ul style="list-style-type: none"> • High level political enforcement mandates • Civil service /sector reform • Personnel management • Organizational reforms (downsizing leadership, competition) • Financial management (oversight, reporting, auditing) • Regulatory reform and independence • Public expenditure tracking | <ul style="list-style-type: none"> ▪ High level political enforcement mandates ▪ Civil service /sector reform ▪ Personnel management ▪ Organizational reforms (downsizing leadership, competition) ▪ Financial management (oversight, reporting, auditing) ▪ Regulatory reform and independence ▪ Public expenditure tracking | <ul style="list-style-type: none"> ▪ Market Regulation ▪ Privatization legislation and reform, monopoly and competition legislations ▪ Procurement Reform ▪ Sector integrity pacts ▪ Disclosure ▪ Pressure on donors to create AC forums in donor countries ▪ Awareness building ▪ Integrity pacts | <ul style="list-style-type: none"> ▪ Anti-corruption leadership and political commitment ▪ Decentralization reform ▪ Judicial reform ▪ Media independence ▪ Anti-corruption legislation and enforcement ▪ Anti-corruption units ▪ Ombudsman ▪ Public information campaigns |
| Local | <ul style="list-style-type: none"> • LG Budgeting and reporting • Technical and financial auditing • LG public financial management • Clarity of decentralized functions | <ul style="list-style-type: none"> • LG Budgeting and reporting • Technical and financial auditing • LG public financial management • Clarity of decentralized functions | <ul style="list-style-type: none"> • Awareness building • Sector integrity pacts • FM reform | <ul style="list-style-type: none"> • Developing AC leadership, political commitment • District/city level diagnostics across and within sectors • Enhancing civil society role and capacity • Enforcement mechanisms • Enhancing regulatory frameworks, service standards • Benchmarking |
| Delivery Agency | <ul style="list-style-type: none"> • Business principles (cost recovery, procedural change etc) • Budgeting, reporting, auditing • Technical and financial auditing • Publishing accounts | <ul style="list-style-type: none"> • Business principles (cost recovery, procedural change etc) • Budgeting, reporting, auditing • Technical and financial auditing • Publishing accounts | <ul style="list-style-type: none"> • Business principles • Integrity pacts • Procurement controls and oversight • Independent bid evaluations, tender audits, • Oversight/monitoring mechanisms • Corruption measurement • Developing SSPP accountability, provider association | <ul style="list-style-type: none"> • Corruption measurement (mapping, assessment, diagnostics) • Complaints redressal • Citizen / WSS report cards • Community capacity building, • Transparency and awareness campaign |
| Community | <ul style="list-style-type: none"> • Oversight role of consumer associations • Increased demand for transparency • Report cards • Information and transparency • Awareness building | <ul style="list-style-type: none"> • Oversight role of consumer associations • Increased demand for transparency • Report cards • Information and transparency • Awareness building | <ul style="list-style-type: none"> • Decentralization reform • Media interest • Increased transparency • Public information campaigns | <ul style="list-style-type: none"> • Advocacy campaigns • Participatory corruption assessments |

appointments, recruitment, transfers, results-based management, terms and conditions, enforcement and sanctions)

- (iii) WSS financial management (financial policies and ring-fencing for viability, cost recovery and improvements in metering, billing and collection, as well as oversight, reporting, auditing processes).

This vision of sector reform is limited by the mandate of sector agencies. In practice, a hierarchy of officials from a ladder of agencies interact with each other – within and outside water agencies – and in many countries it will be futile to build capacity and accountability in service delivery agencies (utilities, district administrations and village water committees) without also tackling higher levels of government, or local government owners and decision-makers. Similarly it may be unproductive to work on developing accountability in a Ministry of Water, without the implicit agreement or participation of political leaders and the Ministry of Finance.

• ***Tackling corruption between government and private individuals / firms***

The private sector, in its supply, construction and operating roles, is a key actor in the determination of corruption outcomes in the WSS sector and cleaning up the interface between the public and private sectors is paramount to affecting change. Corrupt interactions between government and private sector companies have been addressed through efforts to strengthen the enabling environment, and through specific mechanisms with public and private actors to address corruption in public procurement, construction and operations.

Efforts in government have focused on prescriptive improvements to procurement environments – introducing anti-corruption laws, charters, performance standards, and establishing rules, principles and practices dictating procurement procedures and auditing. Ideally this would mean that at the point of contact between the private sector and public officials, especially in relation to tender procedures and evaluations, procurement was more transparent, project and construction management and procurement staff were working at a new level of professionalism, with less discretion, actions were overseen and sanctions enforced if necessary. By in practice, addressing procurement weaknesses often takes a great deal of time to be resolved.

Initiatives with multi-national companies and national companies operating in developing countries have mostly focused on achieving a greater level of integrity and professionalism among members through professional associations, codes of conduct, monitoring and benchmarking, and integrity pacts. Transparency International has spearheaded efforts to establish minimum standards for public contracting. The World Economic Forum PACI initiative, the Extractive Industries Transparency Initiative, and construction-industry initiatives in the UK and Europe, seek to improve integrity in private companies, national governments and construc-

tion companies respectively. Although it forms a relatively small segment of the WSS sector in Africa, it is important to include the lessons that private sector operators provide. Lessons from Cote d'Ivoire for instance suggest that the delegation of operations to SODECI in the late 1980s led to a shift in the focus of investment (from capital intensive production units) to the rapid extension of distribution networks; the shift to 100% cost recovery; from public-private deal-making to commercial procedures (and significant metering, billing and collection improvements) designed to discourage utility staff and customer corrupt interactions; the femalization of accounts positions; and far reduced unaccounted-for-water.

Efforts 'at the interface' between local private providers and those operators responsible for city wide service delivery have started emerging in different forms in many cities in Africa and are central to developing more effective and efficient linkages between public and local private water sector actors. Efforts to form associations of suppliers, develop constitutions and mechanisms for dialogue, formal bulk supply and other technological solutions that result in better bulk supply for the providers (and revenue for the utility), and competitive tender processes for area franchises, all formalize the interface with utilities and municipal water departments, and create more predictable environments for water businesses to flourish (Plummer, Collignon and Mehrotra, 2005). The local private sector is also the home of the middle-men that facilitate bribes between multi-nationals/national companies and governments – much greater focus is needed on understanding and developing the integrity of the local private sector.

• ***Tackling corrupt interactions between public officials and consumers / civil society***

To date, anti-corruption mechanisms tackling corrupt interactions at the point of service delivery have largely focused on improving the efficiency of the utility or delivery agency. The sector has long been aware of the various types of corruption that occur 'at the tap'. The problem of illegal connections has been addressed through efficiency drives or, in more innovative situations, legitimization programs, while a focus on improved meter-reading, billing and collection, has implicitly addressed some of the leakage that occurs through payment systems.

More recently, water governance efforts have aimed to stimulate accountability of service providers. On the consumer side, the important work on report cards developed by the Public Affairs Centre in Bangalore, has been applied to the WSS sector in the WSP-supported initiative developing consumer report cards on water and sanitation services in Nairobi, Mombassa and Kisumu in Kenya. Still in the development stage, this initiative is aimed at empowering households, be they poor and non-poor, to monitor the utility services delivered to them. A critical aspect however is the existence or development of an effective complaints redressal system. At a broader level, corruption surveys

such as those conducted by WBI, have often included utility or municipal service delivery, and have provided some insights into community perceptions of bribery between officials and consumers. These are invaluable inputs for policy-makers.

A focus on utility-consumer interactions will however be limited in direct impact – only 30 percent of the population is directly served by utilities, and few of these are poor. Community-based WSS delivery systems, the preferred donor approach to WSS service provision, has escaped the attention of sector efficiency drives and has been bypassed in the debate over sector corruption. This model of WSS service delivery has suffered from a somewhat naive assumption that community involvement will, by definition, produce accountable and efficient outcomes. Investigation into community-managed rural development programs with sizeable WSS components have, however, uncovered that community management often results in high levels of corruption. Poorly paid public officials frequently act in a non-transparent and unaccountable manner, collude with project overseers, contractors and suppliers, and engage in a range of practices regarding procurement, construction, payment, as well as decisions which distort project benefits.

Conclusion

A key factor to recognize in taking forward an anti-corruption agenda in the water and sanitation sector is that most of what is being done now in the water governance agenda (policy, institutional, financial management reform, reducing inefficiencies, and demand-side capacity building) is central to anti-corruption activity. But these efforts have not yet structurally shifted corrupt practices in the sector. It is therefore urgent to understand what shift is needed to recharge these efforts and focus them more effectively on tackling corruption.

This paper has described, through a framework of corrupt interactions between public, private and consumer/civil society actors/agencies, the various types of corruption that are prevalent in the WSS sector. Understanding the network of corrupt activity, and identifying the areas of concentration of corruption within this larger framework is critical to effective policy making and strategy development. Overlaid on this matrix of corrupt interactions, the paper has set out the many and varied anti-corruption mechanisms, including those that are generic and create an environment that deters or mitigates against the risk of corruption, and those that target specific types of anti-corruption activity.

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Note/s

- 1 This figure is based on an estimate of 6.7 billion USD for annual expenditure requirements to meet the MDGs in sub-Saharan Africa. 2.6 bn USD is intended for capital investments. Mehta, et al, 2005.

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