

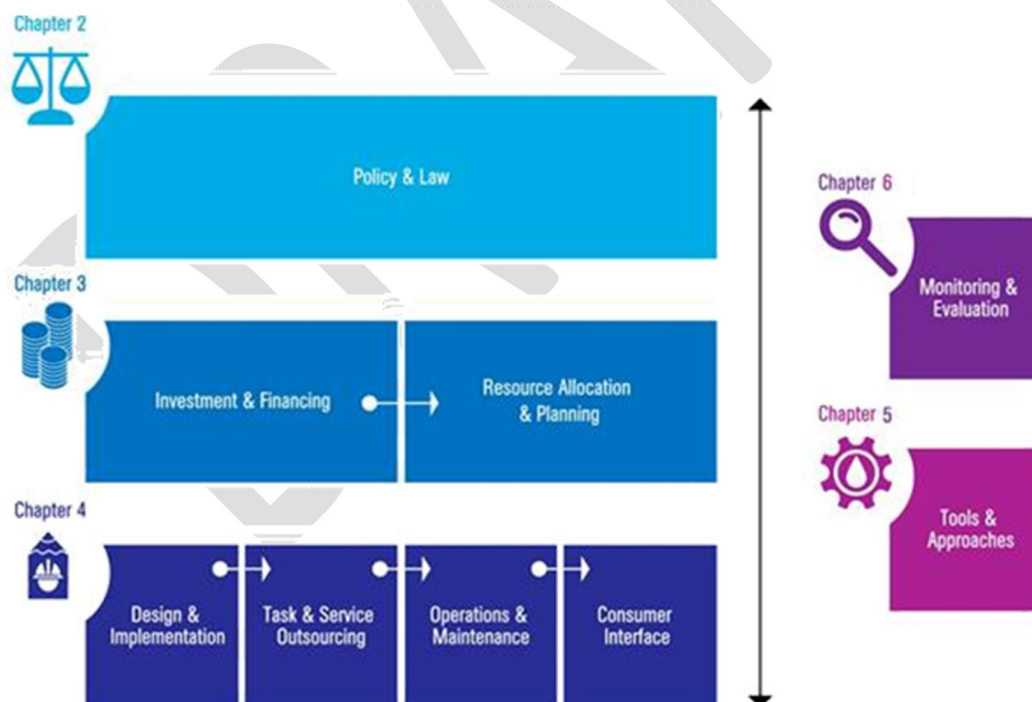
THE WATER INTEGRITY GLOBAL OUTLOOK 2015

Introduction

Initiatives to enhance water integrity have been implemented at multiple levels worldwide since the publication in 2008 of the Global Corruption Report on water. Advocacy work and media attention have continued to bring water integrity to the fore in the international public debate. Projects to assess and reduce integrity risks have been undertaken in several countries with new tools and techniques that were developed for diagnostics and remedial measures. We are improving our understanding of the dynamics of corruption in the water sector thanks to more research and knowledge sharing among water sector stakeholders. More importantly, water integrity is now a priority work area for several organizations and efforts are intensifying to build capacity for further action worldwide. This growing attention to water integrity is a driver of success and better performance in the sector.

The Water Integrity Global Outlook 2015 (WIGO) was developed to capture these developments. A joint reflection by the Water Integrity Network and seven institutional partners¹, the publication takes stock of recent case studies and assesses new opportunities for action.

WIGO is structured along the water integrity chain — a logical framework within which water decisions are made, resources are managed, and activities in the water sector are carried out and evaluated.



¹ Transparency International (TI), UNDP Cap-Net, Stockholm International Water Institute (SIWI), International Water Management Institute (IWMI), UNESCO-IHE, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Global Water Partnership (GWP).

Chapter 1: The Global Mandate for Water Integrity

The chapter introduces the concept of water integrity and highlights the urgent need to increase integrity in the global water and development agenda.

Looking back, major progress has been made in tackling corruption in the water sector over the past decade. The publication of the Global Corruption Report on water in 2008, the first Water Integrity Forum in 2013, and the development of the OECD Water Governance Principles in 2015 are a few examples of key milestones. Despite the fact that much work still needs to be done, disregarding the existence and impact of corruption in the water sector is now more difficult: “[today] it is a question of how and what to do about [corruption], rather than whether [it exists]”².

The SDGs are a big opportunity for further action. The achievement of many SDGs in areas as varied as health, food security and poverty eradication, will rely on decisions related to water governance and management and be affected by corruption in the water sector. Corruption leads to a loss of efficiency and sustainability. It undermines public confidence and pushes up costs. Ensuring that water integrity takes a central place in the debates and reforms that will ensue from the SDG process is therefore essential.

Recommendations

- **Explicitly recognize water integrity and the presence of corruption as major concerns in water governance and management.**
Attempts to improve water governance and management fail because these concerns are belatedly or not addressed. Water integrity requires deep social, political and economic changes and therefore needs to be addressed explicitly, systematically and over long periods, by taking into account the root causes of corruption. Focusing on water integrity rather than corruption, especially in places where corruption is a taboo topic, can have the advantage of steering action towards more realistic and acceptable reforms in governance and management.
- **Strengthen water integrity in order to support the implementation of the SDGs and ensure the fulfilment of the human right to water.**
Integrity in water governance is a prerequisite to achieve not only the SDG water goals but also those to end hunger, promote sustainable agriculture, achieve gender equality and develop reliable sustainable energy sources. It is essential to building safe and sustainable cities and to protecting the environment and ecosystems. The OECD water governance principles, resulting from an inclusive multi-stakeholder process, can support this. They specifically highlight the need for integrity and the importance of transparency, accountability and participation as essential elements of more effective and equitable governance that builds trust and engagement. These guiding principles form a sound basis to develop reform processes that will enable the achievement of the SDGs and the realization of the human right to water and sanitation.

² Patrik Stålgren, Senior Programme Manager, Embassy of Sweden (telephone interview, 3 March, 2015)

Chapter 2: How Can Policy and Law Support Water Integrity?

Explicit laws and policies are needed to safeguard water integrity, ensure that water is allocated fairly, and that water sector institutions are managed well. This chapter shares key examples of effective anti-corruption and water legislation, and highlights the need for integrity to fulfil the human right to water. It also assesses key integrity risks related to the policy-making and legislative processes.

Without sufficient safeguards, a major risk is that powerful groups with vested interests capture the policy-making process for their benefit. Integrating TAPA³ principles into policy and law is crucial to mitigating these risks. Participation and multi-stakeholder decision-making, in particular, will build trust and balance interests. This must be enabled by creating awareness about citizen's rights to water and building capacity for participation.

The challenge of building water integrity lies not only with policy, but also with practice. There is often a gap between policy and implementation, which can partly be bridged by facilitating cooperation between the water sector, the anti-corruption sector, public finance institutions and the judiciary — for example through joint investigations, information sharing or judicial assistance. Strengthening enforcement mechanisms is especially important to fulfil the human right to water and ensure that water legislation and anti-corruption legislation effectively improve people's living conditions.

Recommendations

- **Develop and enforce water policy that incorporates TAPA principles in accordance with the obligations of the human right to water.**
The human right to water and sanitation is a crucial obligation for states to deliver on the rights of their inhabitants. The TAPA (Transparency, Accountability, Participation and Anti-corruption) framework, a key component of water integrity, should be embraced by governments as a powerful tool to act on their obligations and fulfil this human right. Cooperation between anti-corruption, judicial and water institutions is required for effective implementation.
- **Ensure public scrutiny and balance stakeholder interests in political and legislative processes.** Water management experiences of the last decade suggest that mobilization of stakeholders is one of the key ways to ensure that policy is developed and implemented so that it works for integrity and against corruption. The interests of actors must be fairly taken into account. The current rush for land and water to secure food and energy can lead to precipitated policy-making. In this context the voices of the poor and marginalized who suffer most from the changes must not be disregarded. Water access in many regions depends on traditional institutions and power relations that do not connect to the state's legal framework. Adopting, extending, or linking customary laws to state laws where applicable and fair, can help protect the rights of the marginalized and the vulnerable in many cases.

³ Transparency, Accountability, Participation, Anti-corruption

Chapter 3: Financing the Water Sector with More Integrity

Billions of US dollars are spent every year in the water sector and the financing required to meet future needs is a magnitude higher.

The largely public sources of financing for the sector are tariffs, taxes and transfers. Funding gaps are closed through private investments, primarily in the form of repayable finances. The chapter looks into these major funding sources and their challenges, focusing specifically on the need for integrity safeguards along the budget cycle and on the role of the actors involved.

There is no part of the financing system — public or private — that is immune to corruption and that does not suffer from integrity failures because of poor capacity and management. Common examples include bribery and collusion in procurement, fraudulent expenditure and reporting, or bias to large investments. Risks associated with weak public financial management systems are a major concern. These must be addressed as a matter of priority to ensure integrity in the system and maintain accountability at the highest levels. More effective and transparent collaboration between water sector actors and public finance institutions is a key step in the process.

Institutional fragmentation and diverse, complex funding arrangements in the water sector make the sector particularly vulnerable to financial inefficiencies, mismanagement and corruption. The chapter closes by outlining possible approaches to overcome the main risks associated with these vulnerabilities, including: clear and transparent inclusion of all sources of funding in the budget, comprehensive accountability mechanisms, and alignment of funding and evaluation mechanisms.

Recommendations

- **Establish a comprehensive accountability mechanism anchored in the public finance system for water sector financing from different sources.**
Public finance institutions and water sector actors, including service providers, donors, private investors and civil society, should mutually engage and collaborate to understand where and why systems are underperforming and how these can be improved. A comprehensive accountability mechanism can help steer financing towards the most effective and efficient improvements while ensuring that the government is accountable to the public in fulfilling its obligations related to water management and service delivery.
- **Align planning, programmes and evaluation mechanisms.**
Coordinating the different funding systems and their corresponding evaluation requirements can help lessen the burden on sector agencies and service providers while safeguarding funds. These processes need to ensure civil society participation and citizen oversight of programmes.

Chapter 4: How Can Water Integrity Be Further Enhanced in Programme Management, Implementation and Services?

After policies are formulated and finances and other resources allocated for programmes and projects, implementing agencies like water utilities, river basin organizations, and various government departments step in. This chapter discusses cases of integrity issues and good practice during this stage, which covers design, outsourcing, construction, operations and maintenance, and relationships with consumers.

All phases of implementation carry integrity risks. Throughout implementation and service delivery, opportunities for petty corruption abound. Contracting, permitting and licensing processes are particularly vulnerable. Bribes and collusion, for example, are common means to steer design and procurement processes and can amount to grand corruption in large-scale infrastructure development. Sub-standard construction and poor maintenance further debilitate many projects.

The chapter highlights the importance of participatory processes, transparency and preventive action for more integrity. Inspections, alertness and rapid deployment of measures at an early stage are crucial to successfully run services. Engaging with stakeholders fairly and building mutual trust are just as crucial. Unfortunately, these practices to ensure public accountability are often neglected under the influence of demands for efficient policy-making, commercial confidentiality and security, lack of capacity or deliberate policy capture. The question of who is in the room when decisions are taken and the openness of the process are integrity challenges of the first order.

Recommendations

- **Ensure transparency, fairness, non-discrimination, accountability and verifiability in procurement processes.**
Informing and involving the public in overseeing of the development, awarding, execution, performance, and completion of public contracts is an effective means to achieve this. Governments should work with the private sector, donors, and civil society to create sustainable funding mechanisms to support participation and to build the capacities of stakeholders to understand, monitor and improve public contracting.
- **Build an effective relationship with users to support the implementation of sustainable operations and maintenance systems.**
First, operations and maintenance (O&M) must be taken into account in the project planning and design phase. For projects to be more sustainable it is then key to build an effective relation between water agencies and users to support and build trust around the O&M processes — both addressing grievances and regular O&M. It is important that water user committees and associations receive support and recognition from the authorities, and are included in decision-making processes early on. The first steps to enable more participation are information provision and capacity building, which help raise users' awareness of their rights and of their ability to hold providers accountable and safeguard service provision.

Chapter 5: Which Strategies and Approaches Can Bring about Change?

This chapter presents the various strategies and approaches that have been and can be used to strengthen water integrity. The chapter distinguishes two types of tools relevant for scaling up integrity. On one hand, assessment tools (e.g. Annotated Water Integrity Scan) are designed to detect integrity risks and to measure the level of governance or integrity. On the other hand, actionable tools (e.g. Integrity Management Toolbox) incorporate concrete measures to increase integrity and fight corruption in the sector. Tools are generally meant to be used as guidance rather than blueprints. The entry points used to introduce tools and the available capacity to implement and follow through with them deserve as much attention as the tools themselves.

To be effective, the use of tools must be embedded in a broader strategy. As stand-alone efforts, they will rarely yield results. Water integrity advocacy and awareness-raising play an important role in ensuring success. Journalists and the media are natural advocates who play a key role in revealing corruption issues and thereby contribute to greater integrity in the sector. The role that the media is allowed or able to play is part of the broader enabling environment.

Capacity development is also an important element in the use of tools and the global fight against corruption. Capacity development initiatives aiming to strengthen integrity should be more than giving individuals training courses. They should be part of a long-term action programme and of processes that builds capacity in different ways from the grassroots to the government level. Capacity development should also aim to create synergy between typical water sector training and anti-corruption training. The success of any capacity development initiative depends on the enabling environment and in particular on the role and influence of the institutions or individuals involved.

Recommendations

- **Target water integrity advocacy at multiple levels.**
Water integrity advocacy must target political leadership in order to create the momentum and legitimacy to drive institutional reform. However bottom-up approaches are also key: they add checks and balances and help build a sustainable base of support for change. The media and independent journalists also have enormous potential to increase integrity in the water sector, as long as they use accurate data and information.
- **Develop capacity building initiatives within comprehensive frameworks for action.**
Trainings that are part of capacity development programmes are too often stand-alone and short-term. There is often no follow up and the impetus they help build is quickly lost. Trainings should be part of an overall programme of reform with established targets and goals. Water governance and management capacity building programmes should include water integrity aspects and build on the expertise and the synergies between typical water sector trainings and anti-corruption training. All training courses should have a related planned follow up.
- **Adapt tools to local context and combine them in broader strategies.**
Tools are most effective when they focus on what matters locally, when they have political and institutional support and when they link the local to the national level. A single tool or combination of tools is not an answer. Tools have more impact when used with a range of approaches. Above all, they are relevant only if embedded in a broader strategy with clear objectives. Their effectiveness should be monitored and evaluated.

Chapter 6: The Importance of Monitoring to Promote Integrity in the Water Sector

This chapter presents an overview of different aspects of water, water management and water service monitoring and how they are related to integrity. The classical monitoring process, oriented towards measuring water sector performance, can foster integrity by uncovering corrupt practices, by highlighting opportunities for improvement, and by bringing to light priority areas to which financial and human resources should be allocated. The indicators and approaches used in performance monitoring have an implicit (and sometimes explicit) link to integrity and corruption. Certain information can convey messages to the benefit of certain interests. The question of how the monitoring process itself is set up and monitored is therefore key. Any monitoring framework should have independent checks and balances and quality control measures in place.

Water integrity itself should also be monitored at local, national and international levels. This is a crucial process that should complement classical monitoring and enable stakeholders to have a clearer understanding of progress in the sector.

The chapter emphasizes the importance of enabling communities to take an active role in classical and integrity monitoring, especially at local and national levels. It also points to the fact that international water sector monitoring initiatives, strengthened with integrity indicators, can play an important role in unravelling complex and global dynamics around water and in holding the international community accountable. These initiatives can also serve as strong incentives for action.

Recommendations

- **Collect and analyse information on the quality and sustainability of water services to assess the real impact of projects and to enhance service-oriented accountability.**

This type of monitoring needs to include in-depth information on water governance mechanisms and the behaviour of those responsible for water services provision, in addition to standard information on performance. The integrity and anti-corruption perspectives can be specifically brought into the monitoring exercise through process indicators. This will allow stakeholders to diagnose the sector not only for technical, but also for managerial and integrity issues that lie at the core of its performance challenges.

- **Enable and encourage independent monitoring of activities by the media, governmental and non-governmental institutions, and civil society.**

Independent monitoring efforts will expose or prevent the provision of biased, blurred or censored information. It will help sector actors reduce illicit practices and unethical decisions by increasing the chance of these being unveiled. Monitoring activities should involve the stakeholders at the most appropriate and relevant levels (local, national, basin, regional, etc.). It is in the dialogue and contestation between different organizations and their data sets that corruption can be tackled and quality water services delivered with the highest integrity.