

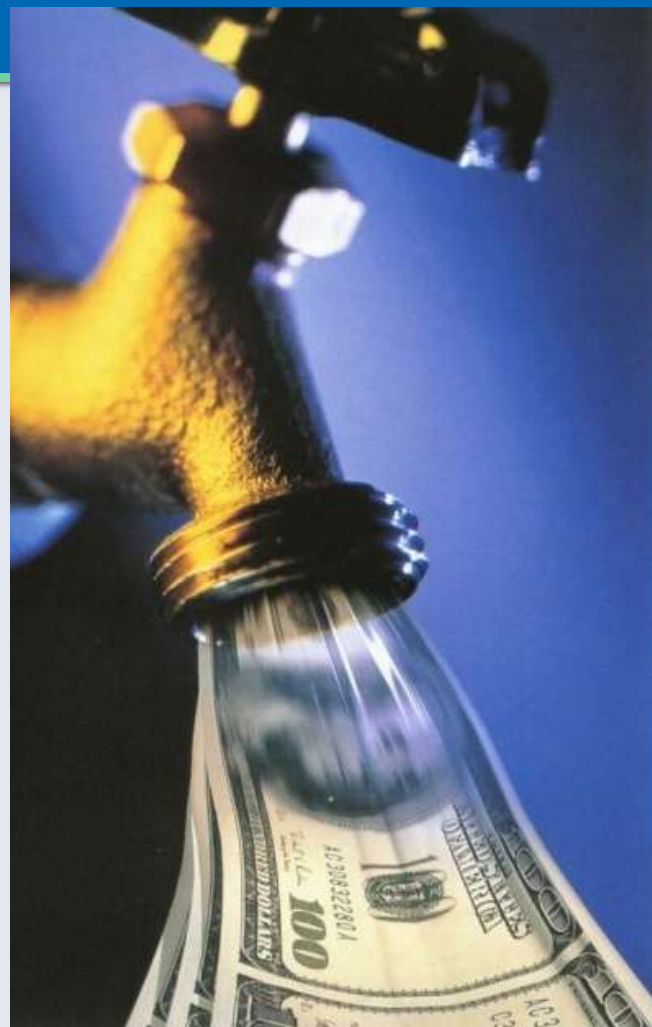
Water Integrity: Building better governance in the water sector

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www.watergovernance.org

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State-centric & Polycentric Governance Architectures

Old Governance – State-centric New Governance - Polycentric

Typical Water Reform Elements:

- Decentralization
- Participation
- Privatization, PPPs
- Integration, IWRM
- Basin Wide Mgmt
- Clarifying institutional roles and responsibilities

Polycentric challenges:

- Formal and informal water rights clashing
- Lack of financing and human capacity
- Governance remain weak
- Weak implementation!

Making Water reform Work -- Need for researching and applying governance measures on:

- Transparency
- Accountability
- Trust
- Anti-corruption
- Vested interests
- More.....

Water at high risk of corruption!

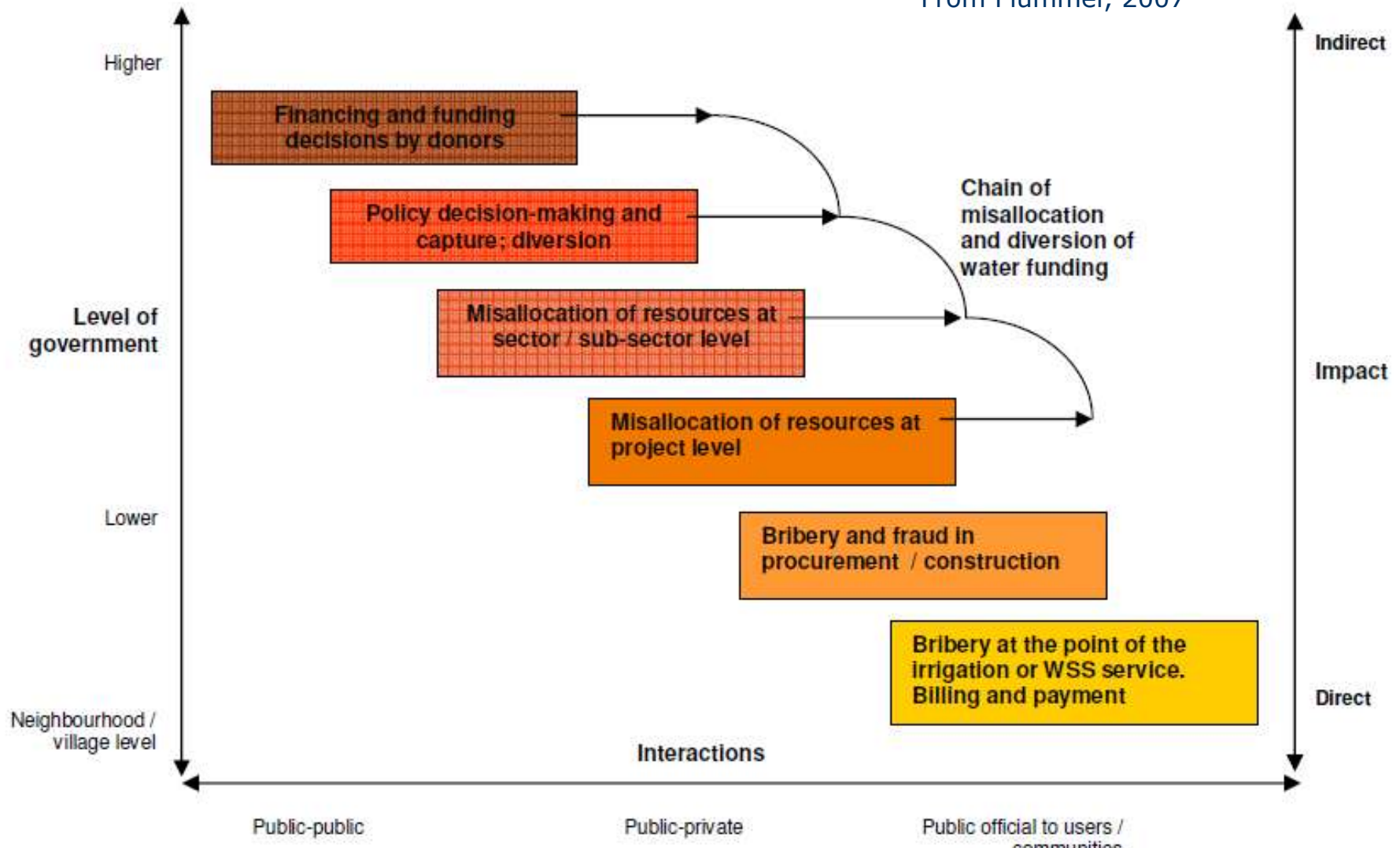
- Increasing water demands and competition
- Water decision-making is dispersed across political and administrative boundaries and agencies with many loopholes to exploit
- Monopoly in water services
- Water is capital intensive and large water management, irrigation or dam projects are complex, making procurement lucrative and manipulation difficult to detect

Risks are magnified in systems characterized by:

- Weak transparency, accountability and participation
- Lack of independent media (press, radio, TV etc.)
- Social and political instability

How does corruption play out in water?

From Plummer, 2007



What are the development impacts of corruption?

- WBI: More than **\$1 trillion dollars (US\$1,000 billion)** is paid in bribes each year worldwide in both rich and developing countries = the combined GDP of low income countries.
- According to the Global Corruption Report, 2008: Corruption can increase the cost of meeting MDG targets on WSS with USD 50 billion over the next 6-7 years
- Africa Union (2002) estimates corruption costs African economies in excess of USD\$ 148 billion a year
- This figure represents 25% of Africa's GDP and thought to increase the cost of goods by as much as 20%
- Alternative cost / opportunity cost

Corruption consequences: Water development dimensions

- ✓ Poverty reduction in jeopardy ---- Financial resources “leaks” out of the system. Corruption is increasing investment risks and makes it harder to raise much required financial resources for better water services and management
- ✓ Environmental sustainability compromised --- over-abstraction of water and water pollution leading to eco-system and livelihood losses
- ✓ Social equity is at risk due to skewed water resources allocation and unequal distribution of water services
- ✓ Makes it more difficult to meet challenges of climate change, food and water security
- ✓ Impacts of corruption are much broader than on economic growth and service delivery. It undermines social capital and trust, human and democratic rights and the rule of law

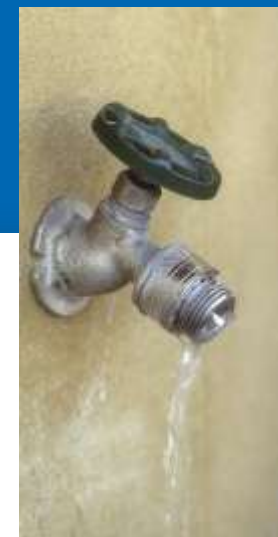
Myth Buster

- ✓ Myth: Corruption just greases the development engine
- ✓ Reality: Corruption deprives people from better water services and access to water resources. It leads to water pollution and over-abstraction of water sources
- ✓ So, the reality is that that corruption drains development efforts and makes it harder for people to break out from poverty

Water integrity: Still a neglected issue

- Water integrity is increasingly on the water development agenda
- Critical to address for improving governance, achieving IWRM, water reform objectives, sustainable infra-structure, increasing investments etc.
- Still a sensitive issue: approach it in constructive ways through emphasising preventive aspects of improved transparency, accountability and participation

Thank you!



UNDP Water Governance Facility at SIWI

No 2. Anti-Corruption in the Water Sector



Corruption impacts water resources management, water supply and sanitation service provision, hydropower, and irrigation in agriculture. It reduces economic growth, discourages investment, violates human dignity, increases health risks and robs poor people of their livelihoods and their access to water. Yet, the systematic means to prevent and punish corruption in the governance of water are often absent.

Curbing Corruption: Concrete Steps

Opaque power structures can breed corruption. Legal, financial, public service delivery system and private sector reforms are all critical anti-corruption measures. Without the beneficial inclusion of transparency in water policy reform and implementation, fair and efficient allocation of water resources and services is impossible.

Awareness raising and decentralisation are often needed but can introduce complications: increased public focus on corruption can make the problem more difficult to root out and coping strategies for the poor more expensive. It must therefore be accompanied by access to the resources and confidence to act on the information gained.

Accountability is key – without it, reforms to decentralise power can simply shift the problem from central authorities

Why Water is at High-Risk

Corrupt practices may drain as much as 30% of the sector every year. This translates into USD 10 billion that is needed each year in additional income to achieve the MDGs on water and sanitation.

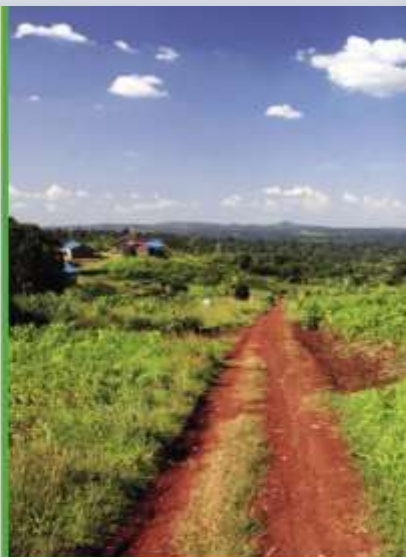
Why Water is a High-Risk Sector for Corruption

- Water governance spans across agencies, many jurisdictions to inspect
- Water management is viewed as a largely unregulated area for the political arena, including corruption and its cost
- Water involves large flows of public money, complex and difficult to standardise, making location and manipulation difficult to detect
- Private investment in water is growing in countries known to have high risks of corruption
- Informal providers, often vulnerable to corruption, play a key role in delivering water to the poor
- Corruption in water sector affects those who are most vulnerable to demand more as water is scarce, and becoming more so as corruption risks emerging in control over the source: Global Corruption



Cap-Net

WATERnet



MAPPING OF INTEGRITY AND ACCOUNTABILITY IN WATER ACTIVITIES AND RELEVANT CAPACITIES IN THE SADC-REGION

By Annan Earle, Goodwill Lungu and Daniel Mathebane

Report commissioned by
UNDP Water Governance Facility at SIWI, WaterNet and Cap-Net

STOCKHOLM, APRIL 2008

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Corruption Risks in Water Licensing

With case studies from Chile and Kazakhstan

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