

Water Infrastructure and Investment – The Challenge of Corruption

Karachi International
Water Conference



Corruption and lack of integrity

- Abuse of trusted power for personal gain
- Deliberate distortion of the decision-making process
- Legal vs ethical interpretation
- 3 aspects:
 - Malfeasance - the performance by a public official of an act that is legally unjustified, harmful, or contrary to law
 - Misfeasance - an act that is not illegal, but is performed in a way that harms another individual
 - Nonfeasance - the wilful failure to execute or perform an act or duty required by one's position, office or law, whereby that neglect results in harm or damage to a person or property.
- Grand corruption, petty corruption

Corruption and financing in infrastructure

Capital expenditure

- In **planning**
 - Higher cost solutions
 - Inappropriate solutions
 - Bias on who gets water
- In **procurement**
 - More expensive bids
 - Poorly qualified companies
- In **construction**
 - Cost 'overruns'
 - Poor quality delivery



Operations and maintenance

- Higher operational costs
- Higher maintenance and refurbishment costs
- Failing systems

Socio-economic costs

- Impacts on health and well-being
- Lower economic productivity

Costing for corruption?

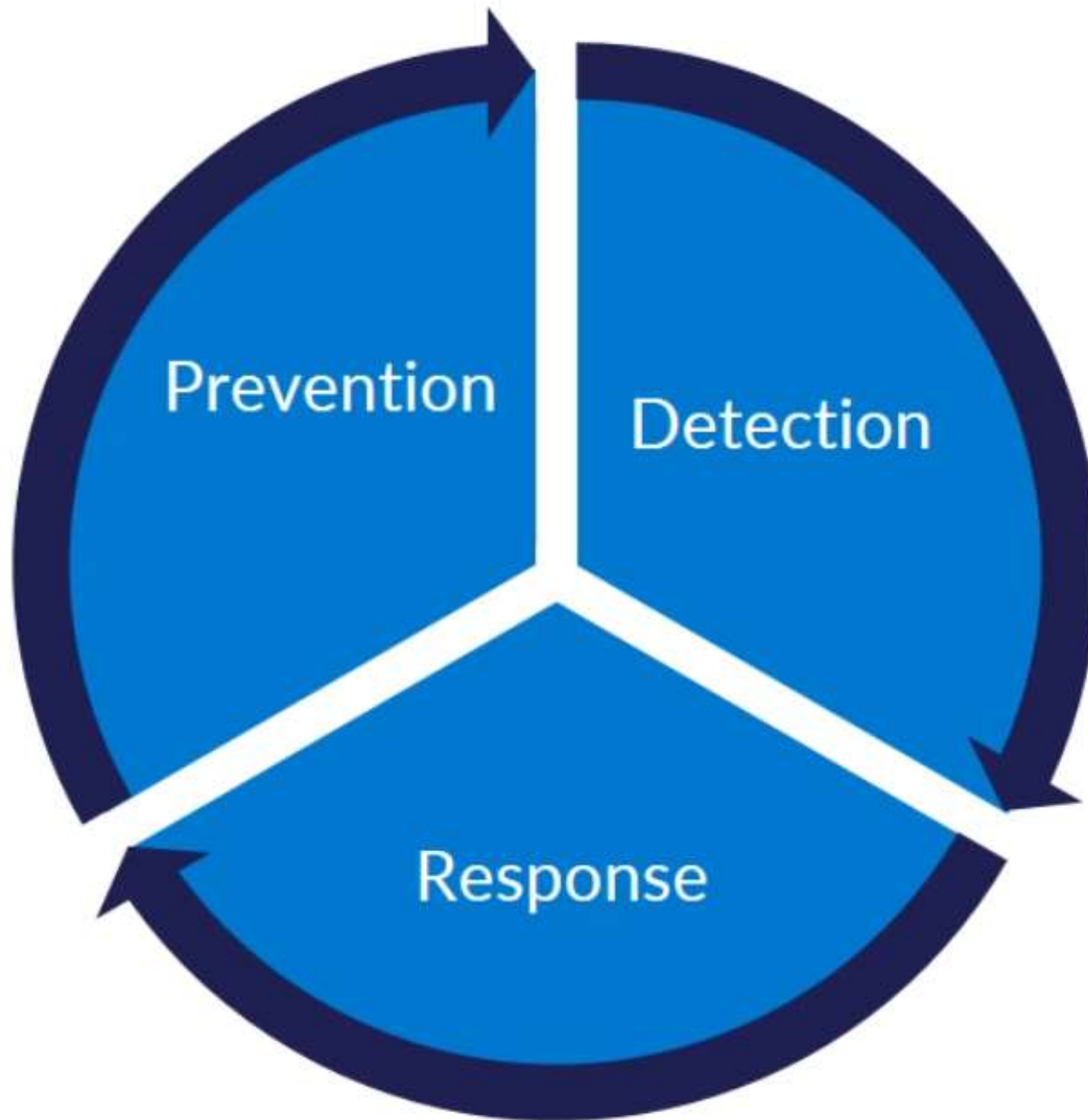
- Achieving SDG 6.1 and 6.2 will cost approximately US\$114 billion a year between now and 2030
20%...
= US\$22.8 billion per annum
- Diamer-Basha dam will cost around USD 3 billion
= US\$600 million
- Sindh government has approved \$1.6 billion Karachi Water & Sewerage Improvement Programme (KWSSIP)
= US\$ 320 million
- The World Bank estimates that 20 to 40% of investment in the water sector is lost to corruption globally
- Are we costing for corruption?

Who bears the cost?

- Corruption increases inequality and impacts most severely on the poorest of the poor
 - Access to water (urban and rural)
 - Poor farmers struggle to get reliable access to water
 - Poor communities pay more for their water



What can be done?



Integrity Wall

Means ensuring that people know their rights, can see how decisions are taken, and how money is spent.

ACCOUNTABILITY

Means making sure decision-makers take responsibility and achieve fair, efficient and sustainable results.

PARTICIPATION

Means consulting all relevant people when making decisions that affect them.

ANTI-CORRUPTION

Means making rules stronger and enforcing them properly.

- Transparency

Increase transparency by assessing extent of corruption, making data available, and clarifying decision-making processes.

- Data, budgets, plans, monitoring

- In a format that people can understand

Increase accountability by monitoring performance, clarifying lines of responsibility.

Increase participation by building understanding and ensuring places at the table for different stakeholders.

Fight corruption by speaking out, protecting whistle-blowers, and strengthening oversight and law enforcement.

- Accountability

Strengthen information laws and processes

Research extent of corruption and social and economic damage

- Participation

Publish to get publicising documents in accessible formats

Develop advocacy and encourage media reporting

Clarify and document rights and obligations of actors and institutions

- Anti-corruption

For example:

- Clarify lines of responsibility in governance and funding systems

- Strengthen sector monitoring and reporting on human rights and SDG targets

- Audit finances and make results public

- Support citizen monitoring of budgets, procurement, and projects

- Build check-and-balance and accountability mechanisms

- ...

For example:

- Include water user associations in decision-making

- Build capacities for stakeholder involvement

- Promote social inclusion and address gender disparities

- Balance stakeholder interests in policy-making and legislation

- Ensure places at the table for people, private sector, and excluded groups

- ...

For example:

- Enforce zero tolerance for corruption: nobody above the law

- Build links and joint action with anti-corruption bodies

- Encourage and protect whistle-blowers

- Make and enforce rules on conflicts of interest, collusion, and favouritism

- Strengthen role of regulators and law enforcement systems

- ...

- Within government

- To the people

- Participation

- Genuine participation of people in planning, decision-making, monitoring

- Informed and responsible demands from stakeholders

- Anti-corruption

- Legislation, institutions, procedures and regulations

Diversity in decision-making structures

- Are women less corrupt than men?
- Diversity in decision-making structures decreases corruption



ProZorro and DoZorro

Ukraine

- Prozorro - open contracting approach integrated across public procurement
- Dozorro – platform that unites 22 CSOs
 - actively monitoring procurement
 - have used the platform to find over 5,000 cases of suspicious activity in the last six months.
 - Nearly half of these cases have been resolved
 - including over 1,200 cases where tenders were changed as a result of the feedback
 - 22 criminal charges and 79 sanctions have also issued.
- Parliament recently adopted a procurement monitoring law which establishes data-based monitoring procedures and mandates the use of digital tools, including corruption risk indicators



Thank you