Water Integrity Global Outlook 2021

Water integrity in urban
water and sanitation

2021

WIN Water Integrity Network

Fighting corruption in water worldwide

Acknowledgements

Foreword

Thembisile Nkadimeng, Co-President, United Cities and Local Government

United Cities and Local Governments (UCLG), is a global network of cities and local, regional, and metropolitan governments and their associations, committed to representing, defending, and amplifying the voices of local and regional governments to leave no-one and no place behind.

We recognise the importance of well-governed cities and territories in meeting the Sustainable Development Goals for all urban residents, particularly marginalised and disadvantaged communities. However, equitable and sustainable development is still affected by weak governance frameworks, limited capacity and the challenges of corruption and malfeasance within all spheres of government and facets of society. At UCLG we recognise that corruption is a serious crime that undermines social and economic development in all societies – nowhere is immune from this trial.

In order to ensure that all residents of cities and territories across the world have access to decent and reliable water and sanitation services, we must put in place more accountable and conscientious governance that can support people-centred development, gender equality and a socio-economic transformation agenda.

This Water Integrity Global Outlook brings together issues linked to SDG 6 (water and sanitation), SDG 11 (sustainable cities), and SDG 16 (building effective, accountable and inclusive institutions at all levels). It is in line with the commitment made by the UCLG to the Hangzhou statement in the occasion of the International Anti-corruption Day in 2017, which stated, amongst other things, that, as local, regional governments and their associations we recall the vital role played by transparency, accountability and citizen engagement for efficient city management. The statement went on to recognise the important role that local and regional governments can play in taking concrete actions to prevent corruption by engaging in policies of transparency, accountability, participation of society and citizen's oversight. This WIGO 2021 takes forward the idea of concrete actions to be taken, in relation to the issues of urban water and sanitation services, drawing on case studies around the world for guidance and practical approaches.

We have been grappling recently with a pandemic which has revealed only the huge numbers of urban residents that do not have access to safe water supplies. We must accelerate our actions. We must respect the needs and aspirations of our communities by providing reliable water and sanitation services. In doing so, we must step up our action against corruption and for improved integrity. Without integrity, transparency, participation and accountability we will not meet our goals.

The time for action is now.

Foreword

Letitia A. Obeng, Chairperson Water Integrity Network

Throughout the four decades of my career in the water and sanitation sector, the issues of corruption and the challenge to maintain integrity have remained a constant thread. Fortunately, during this time, steps taken by a range of actors have resulted in improvements in integrity within the sector. In 2021, as the world continues to strive to achieve the water and sanitation SDG, fulfil the human right to both, address the challenges of climate change and grapple with the effects of the COVID-19 pandemic, the imperative to continue to enhance and improve integrity remains strong. The pandemic has unfortunately laid bare the number and vulnerability of people still without access to safe drinking water and adequate sanitation, as well as the terrible impacts of corruption on the lives of ordinary people.

This report builds on the outcomes of the Water Integrity Global Outlook 2016 which provided cases and tools focusing on good governance to eliminate corruption in the sector. WIGO 2021 focuses specifically on building integrity with respect to water and sanitation services in urban areas. The integrity challenges related to water and sanitation service delivery to people living in informal settlements are highlighted as the sector strives to meet the call to "leave no-one behind".

WIGO 2021 is the result of over two years of collaborative research and evidence gathering by WIN and its partners. It captures case studies from around the world that illustrate the issues of corruption and integrity failures, and, as is true to the approach adopted by WIN, it highlights positive actions that have and can be taken to reduce the risk of corruption and to greatly enhance integrity. It does this within a framework that sees integrity as a positive aspiration to provide resilient, sustainable and equitable water and sanitation services in cities. The report calls on public officials to act according to their legal mandate with deep commitment and professionalism. Acting with integrity includes ensuring that basic, sustainable water and sanitation services are accessible to everyone, particularly the poor and the marginalised.

This report shows that it is possible for integrity to become a hallmark of the water and sanitation sector. It is our hope that it will be a useful tool for you.

Contents

Introduction

This report is focused on improving integrity in the urban water and sanitation sectors to support meeting Sustainable Development Goals (SDGs) 6.1 and 6.2, and delivering on the human rights to water and sanitation.

Integrity is not only about the reduction of corruption. Integrity is a positive aspiration. It is both a systemic value (of institutions, countries and people), and a personal and moral attitude.

Achieving the Sustainable Development Goals

In 2021, Tiyiselani Mathebula, mother of four, still fetches water in buckets from a crocodile infested dam for her family's needs. In 2009, she and other residents of 55 villages in and around Giyani in Limpopo Province in South Africa were promised clean drinking water by then President Zuma. In 2014, Mathebule slaughtered a chicken to celebrate the launch of the Giyani project, which was to bring water to the villages. To date, the project has not been completed, costs have spiralled from ZAR 500 million to over ZAR 3 billion (USD 36 million to USD 218 million), and in 2016 President Zuma launched an enquiry into corruption and mismanagement of the project (Sadike 2021). In many cities, such as Jakarta (Indonesia), Lima (Peru), Manila (Philippines) and Nairobi (Kenya), poor residents who obtain water from informal vendors pay five to ten times more for water than wealthy residents.

In Bangkok, the Khlong Dan urban wastewater treatment plant designed, initiated in 1995, has not yet been completed due to fraud accusations related to the land acquisitions for the project. A lengthy investigation lead to the conviction of a number of officials, but the plant itself was never built, with the result that most of the domestic and industrial wastewater which it was intended to treat is still discharged untreated.

A major recent study in Bogotá (Colombia) and Johannesburg (South Africa) found evidence of sextortion in both cities (UNDP-SIWI Water Governance Facility 2017). In Johannesburg, one woman said, "If I don't have money to bribe the water utility staff, he will sexually abuse me because that's the only valuable thing I can give him". In Bogotá, one of the survey respondents explained "men want sexual favours to deliver water and this is a form of corruption. Women, because of their vulnerability and inability to walk long distances to get water, also give in to men's demands in exchange for water".

It is in the face of such challenges that water and sanitation managers and stakeholders across the world are striving to achieve Sustainable Development Goal (SDG) 6: Ensure access to water and sanitation for all by 2030. For the water and sanitation sector this includes realising the human rights to water and sanitation. In particular, SDG 6.1 aims

to achieve universal and equitable access to safe and affordable drinking water for all by 2030. SDG 6.2 aims to achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations. Widespread corruption and failures of integrity are, however, significantly hampering progress. In the world's growing cities the situation is particularly challenging.

Challenges for building urban resilience in the face of climate change

The urban population is growing in both medium-sized cities and megacities, with most of the growth in Africa and Asia. In 2018, 55.3% of the global population of 7.6 billion lived in cities (4.2 billion people). This is estimated to grow to 68% in 2050, adding another 2.5 billion people to urban areas (UN DESA 2018). Projections for 2100 put the global population at 11 billion people, with new megacities that include Lagos (Nigeria) (88.3 million people), Kinshasa (DRC) (83.5 million people) and Niamey (Niger) (56 million people) (Hoornweg and Pope 2017).

Today, 14% of the urban population does not have access to safely managed drinking water and 38% of urban population does not have access to safely managed sanitation (WHO and UNICEF 2021). Most countries are not on track to reach the Sustainable Development Goals (SDGs); current rates of progress must increase fourfold to achieve universal access to safely managed water services by 2030.

PH: ZAKIR HOSSAIN, DHAKA, BANGLADESH (~2017)

Figure 1: Rapid urbanisation in the face of climate change

World urbanisation

	2020	2050
Urban	55	68
Rural	45	32

Urban   Rural
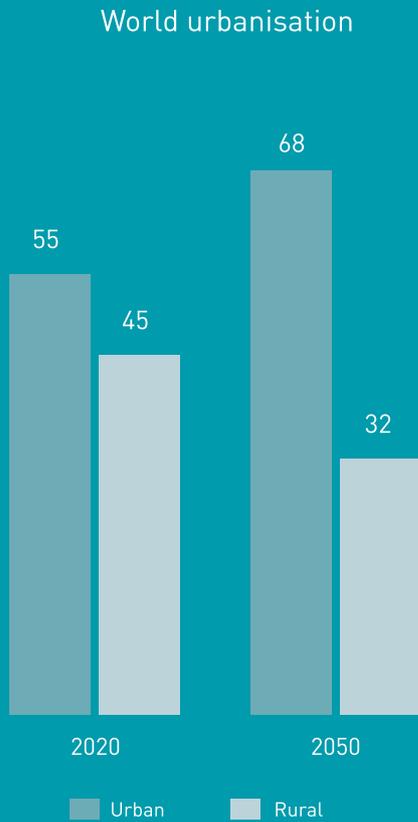
Source: UN DESA, Population Division, 2019

Largest cities of the world

2006

City	Value
Tokyo	35.5
Mexico City	19.2
Mumbai	18.8
New York	18.7
Sao Paulo	18.6
Delhi	16
Kolkata	14.6
Jakarta	13.7
Buenos Aires	13.5
Dhaka	13.1

2050

City	Value
Mumbai	42.4
Delhi	36.2
Dhaka	35.2
Kinshasa	35
Kolkata	33
Lagos	32.6
Tokyo	32.6
Karachi	31.7
New York	24.8
Mexico City	24.3

2100

City	Value
Lagos	88.3
Kinshasa	83.5
Dar Es Salaam	73.7
Mumbai	67.2
Delhi	57.3
Khartoum	56.6
NIamey	56.1
Dhaka	54.2
Kolkata	52.4
Kabul	50.2

Source: Hoornweg & Pope 2017

Proportion of urban population and proportion of urban population living in informal settlements in different regions (2014)

Northern Africa   Western Asia   Latin America & the Caribbean   South-Eastern Asia   Sub-Saharan Africa   Eastern Asia   Southern Asia

Source: UN Habitat, 2016

% of urban residents living in informal settlements   % Living in urban areas   % of world population
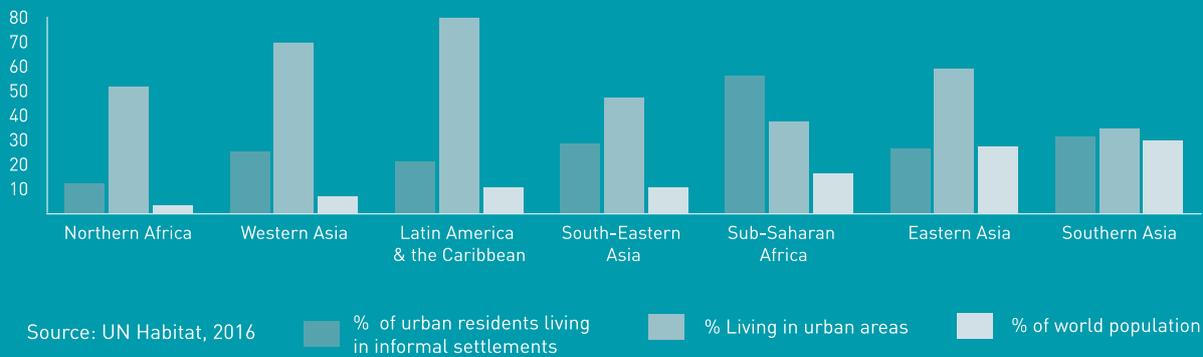
Those without adequate services are forced to spend enormous amounts of time and money to obtain water. They suffer deep indignities due to unhygienic and unsafe toilets, and have little or no protection from health risks, as has been starkly revealed during the COVID-19 pandemic. Many of the people facing these issues live in informal settlements which are growing with increasing urbanisation. More attention must be given to the most vulnerable in urban areas if they are to be provided with acceptable standards of water and sanitation.

Sadly, strategies to extend water and sanitation to all are constantly undermined by longstanding patterns of corruption and integrity violations. This drains resources and weakens the trust and goodwill of residents and stakeholders. To address these issues, a major drive for improved integrity is needed.

At the same time, climate change is already affecting water and sanitation in cities, whether through floods, droughts or climate migration, and the impacts are likely to get worse over time. Many analysts project that water shortages will become a key limiting factor for development. Conflicts over water resources will add to the high stakes in water governance (Merrey 2017). Such contexts provide ripe grounds for corruption to flourish. The infamous Delhi water mafias, for example, have been enabled to a great extent by scarcity of water resources (DNA India 2018).

The COVID-19 pandemic has highlighted the importance of water to health and well-being, but it also reminds us that new challenges will constantly emerge. The time is now to put viable strategies in place and catch up with the growing challenge of urbanisation. This means carefully stewarding resources to invest in and sustain reliable water and sanitation services.

Corruption and integrity failures

Corruption and integrity failures in the urban water and sanitation sector lead to the loss of billions of dollars annually. They contribute to poor service delivery, affecting people's access to safe water and decent sanitation, and to health and well-being. They undermine economic growth and environmental protection. Corruption is by its nature hidden from public view, making it difficult to accurately assess the amounts involved. The available data from corruption scandals, investigations, and key informant interviews suggest that 5% to 10% of the contract value is often offered as a kickback to win contracts. In some cases, the value of the bribe is even higher. Moreover, a study that analysed water and sanitation contracts in Latin American countries showed that projects with heightened corruption risks tend to be 1.1-16.4% more expensive in terms of unit costs (Adam, et al. 2020).

Assuming the figures are similar in other regions, anything between 6% to 26% of the total costs could be lost to corruption. In countries with entrenched systemic corruption, it is probable that the majority of sector projects are susceptible to costs in this range. Losses due to corruption and other failures of integrity (See Part II) crucially limit access to water and sanitation in informal settlements and other marginalised communities, and impact most significantly on poor women. As the sector involves large investments, the loss of even a small fraction of the contract value amounts to substantial resources in absolute terms, and clearly has a huge impact on progress towards universal urban water and sanitation coverage.

However, the issue is not just about money lost directly through corruption. It has multiple wider social, economic and environmental impacts, so that the total cost of corruption is orders of magnitude greater than the financial costs. For example, a construction contract may be given to the contractor who offered the biggest kickback, rather than to the most highly qualified or reasonably priced contractor. As a result, poorly constructed infrastructure breaks sooner than it should, requiring increased maintenance, and resulting in interrupted services. Interrupted or dysfunctional services lead, among other things, to ill health or even death due to poor water quality or sanitation services, loss of economic productivity due to the time required to collect water from other sources, reduced school and work days for women and girls who have to collect water from other sources. The list goes on. Often the poorest, and particularly poor women, are worst affected, due to their dependence on public services, and their lack of recourse to complain (UNODC 2020).

Equally, investment decisions may be made on the basis of "opportunities" for corruption, resulting in infrastructure decisions being made not of the basis of their appropriateness, but on the basis of the opportunities for self-enrichment. Several such cases are noted in this report. Perhaps most fundamentally, corruption undermines the social contract and destroys the trust that is needed to achieve social and economic development (World Bank 2020).

Corruption is the abuse of public resources or public power for personal or political gain, not in the public interest, by anyone at any level of government, in the private or in any other sector. Integrity, on the other hand, is the use of vested powers and resources ethically and honestly for the delivery of sustainable and equitable water and sanitation services. Integrity is supported by the principles of transparency, accountability and participation, adherence to anti-corruption measures, and compliance with human rights obligations and responsibilities, in order to ensure decision-making that is "fair and inclusive, honest and transparent, accountable and free of corruption" (WIN 2013).

Acting with integrity goes beyond preventing corruption to include ensuring that services are accessible to everyone, particularly the poor and the marginalised, and in respecting, protecting and fulfilling the human rights to water and sanitation. It requires public officials who pursue the purpose of their institution with deep commitment, and who report any wrongdoing they may be aware of. Integrity is implicit in the globally accepted human rights framework, and explicit in the administrative justice laws of many countries. The failure of cities to plan and support settlements for the poor where they can access decent water and sanitation services is a failure of integrity (See Chapter 5).

Corruption may include anything from a local official soliciting a USD 10 bribe in order to repair someone's water supply, to high-level diversion of millions of dollars through procurement corruption to build a wastewater treatment works. If politicians disproportionately direct investment to favoured sectors of the community because they want their votes, it may be legal, but it is certainly an integrity failure. Some might argue that this is business-as-usual "pork barrel politics"[1], but it is necessary to examine the negative consequences when public resources are used by ruling parties for political considerations.

[1]"Pork barrel", or simply "pork", is a metaphor for the appropriation of government spending for localised projects secured solely or primarily to bring money to a political representative's district.

Corruption and integrity failures are not just a problem of government and are not restricted to specific geographical areas. Corruption and integrity failures in urban water and sanitation are seen in countries across the globe. And integrity failures occur not just in the public sector, but in the private sector, the development assistance sector, and in the NGO sector. A CEO who pays a government official a bribe (to avoid a fine for water pollution by his factory, for example) is as culpable as the official who accepts that bribe. An NGO staff member who uses an organisational car for private purposes is in breach of integrity.

We need integrity

Integrity is a positive aspiration. Integrity means that actors in the sector act in a way that protects and advances the rights of the most vulnerable and marginalised to water for domestic and productive use, and to decent sanitation, regardless of who they are and where they live. And just as corruption is not restricted to particular countries or regions, remarkable achievements in promoting integrity have been made in cities and countries across the world. This report shows it is possible to create an island of integrity at, for example, the city or sector level, even in contexts of systemic corruption, and that often such change is led by a committed integrity champion.

Corruption in the water and sanitation sectors is a violation of the human right to water and sanitation, and impacts on the well-being and lives of ordinary residents on a daily basis. As such, it is essential that people tackle this thorny issue effectively, and turn the water and sanitation sectors into islands of integrity.

So, how can this report be used to improve integrity? How is this report structured?

This report is a valuable resource for all those wanting to improve integrity in urban water and sanitation. It builds on the seminal Water Integrity Global Outlook of 2016, taking heed of lessons learned in the past five years, and focusing more specifically on the urban water and sanitation sectors. The report is in four parts.

Part I covers why integrity is so important in dealing with corruption, saving billions of dollars, and ensuring more resources towards meeting SDGs 6.1 and 6.2. This part is divided into two chapters that deal with:

1. What is integrity? $\longrightarrow$

2. The urban context $\longrightarrow$

Part II deals with corruption and integrity failures in urban water and sanitation, and their drivers. This part is divided into three chapters that deal with:

1. Corruption in the management of public resources $\longrightarrow$

2. Corruption at the individual-institution interface (often called "petty corruption") $\longrightarrow$

3. Integrity failures and their relationship to equity and development, with a particular focus on informal settlements ⟶

Part III answers the critical question of 'what can be done to advance integrity?'. It documents multiple advances being made worldwide to combat corruption and promote integrity in urban water and sanitation. Many municipal governments have implemented or are implementing integrity change processes. Perhaps the most striking model is the Bolivian City of La Paz. Many urban water utilities are working hard to reduce corruption among their staff. Sector regulators such as Zambia's NWASCO and Kenya's WASREB are playing a key role in both driving equity and fighting corruption, in the latter case often alongside financial audit agencies. The Water Integrity Network (WIN) and other actors have created tools for achieving change.

Part III is divided according to the different types of actors and the approaches they might adopt to improve integrity, with six chapters that deal with:

1. Taking action at city level ⟶

2. What can national governments do? ⟶

3. What can sector regulators do? ⟶

4. What can utilities do? ⟶

5. What can international funders and agencies do? ⟶

6. What can residents, civil society and the media do? ⟶

Part IV is a call to action for everyone in the urban water and sanitation sectors: a call for Integrity Champions to step forward and take action.

PART I

The importance of integrity in urban water and sanitation

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The importance of integrity in urban water and sanitation

Chapter 1 unpacks what integrity means, and defines some key terms used in this report. It considers some of the questions around the drivers of integrity, including whether integrity failures are a problem of individuals or institutions.

It outlines the WIN four-pillar TAPA framework for advancing integrity:

Transparency

Accountability

Participation

Anti-Corruption

Chapter 2 looks at the urban context and the specific challenges of urban governance, then moves into a brief overview of the current situation and challenges of providing water and sanitation in urban contexts, including to people living in informal settlements and other marginalised communities.

PH: ZOLTAN EGYED, BUCHAREST, ROMANIA (~2011)

What is integrity?

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Chapter 1 looks at what is meant by integrity in the urban water and sanitation context, and the drivers of corruption in urban water and sanitation. It outlines the damaging impacts of corruption and integrity failures and discusses whether integrity failures are a problem of individuals or institutions. Four key elements for advancing integrity are unpacked: the TAPA framework (Transparency + Accountability + Participation + Anti-corruption). Finally, the idea of advancing integrity into the broader context of a changing world is raised.

CHAPTER 1

1.1 Defining integrity

WIN defines integrity as the use of vested powers and resources ethically and honestly for the delivery of sustainable and equitable water and sanitation services. Integrity is implicit in the human rights obligations, explicit in the administrative justice laws of many countries, and operationalised in the governance principles of transparency, accountability, participation and anti-corruption.

"Integrity is a cornerstone of a system of sound public governance. It assures residents that the government is working in their interest, not just for the select few, and is vital for the economic prosperity and well-being of society as a whole."

—The Organisation for Economic Cooperation and Development (Public Integrity, 2020).

In contrast to integrity, integrity failures can be defined as instances in which integrity has broken down or been violated. This may include illegal activities, or activities that are legal but not moral or just. The field of integrity is evolving. Anti-corruption legislation and legislation supporting integrity are much tighter now than they were two decades ago, and some behaviours that were previously widespread no longer comply with the most minimal definition of integrity (and are therefore considered as corrupt).

For the purposes of the report, the convention will be to use the phrase "corruption and integrity failures". This emphasises that while the need for the report has arisen because of the problem of corruption, the central focus of the report is to direct greater attention to strengthening the systems and personal qualities of integrity.

WIN's previous global report, Water Integrity Global Outlook, 2016 (WIN 2016) used the term "corruption" as: "Corruption covers all forms of extortion, fraud and embezzlement [stealing] as well as the covert exchange of favours through patronage, misinformation, clientelism and nepotism or acts of political manipulation. Corrupt use of data to mislead or use of language to conceal unethical or corrupt practices can also be considered corruption." This understanding has not changed. It is simply that in the present report, for readability, "integrity failure" has been broken down into the three broad areas presented in Chapters 3–5: corruption in the management of public resources; corruption at the individual-institution interface; and integrity and "the last urban mile".

Integrity risks occur when mechanisms, processes and social practices to ensure integrity are insufficiently robust, so that there is a risk of integrity failure. This report analyses integrity failures as the problem that integrity must guard against. But in the process of integrity management it is usual to speak of integrity risks as being areas of potential concern, without suggesting that integrity failure has actually taken place.

PH: MARCO SIMOLA, PAMPLONA ALTA, LIMA, PERU (~2011)

1.2 Understanding the drivers of corruption

Corruption thrives in particular circumstances, enabled by a range of political, economic, social, cultural and administrative factors. Often corruption is widespread throughout an institution or society rather than simply due to the actions of an individual and, in many cases, is driven by broader political benefits and not only personal gain. In this regard, corruption is a symptom of larger governance weaknesses, and thrives where accountability is weak. It is this systemic character of corruption in many countries that makes it difficult, but not impossible, to address (DFID 2015).

Integrity should be addressed at the institutional level as well as the individual level

In functional systems, integrity means going with the flow to follow the rules, but in systemically corrupt environments it means going against the flow and against the informal rules, often involving personal risk. A systemically corrupt country or organisation is one in which corrupt behaviour is pervasive from the highest levels of power down, across all sectors of the economy. The most extremely corrupt systems can be considered kleptocracies, where the diversion of public resources for personal or political gain is the leadership's primary goal.

In a kleptocracy, corruption becomes a "currency of power", fundamental to maintaining the kleptocrat's authority. Key figures in the administration (from ministers to low-ranking employees) are "kept on side" by allowing them to act corruptly at their own level. Kleptocracy is essentially the same as state capture. The top-level hijacking of the resources of the state for personal gain. A recent example of this comes from South Africa, where the Judicial Commission of Inquiry into Allegations of State Capture (the Zondo Commission) is currently investigating allegations of state capture centred on former President Jacob Zuma's administration of the period 2009–2018 and where the impacts on the water and sanitation sectors have been detailed in the report Money Down the Drain (WIN, CorruptionWatch 2020).

However, countries cannot be simply divided into those with "systemic corruption" and those in which corruption is simply the sum of the isolated actions of a few individuals. Many countries show some degree of systemic corruption, and this is better viewed as a

continuum, with Denmark at one extreme and Somalia at the other, as per Transparency International's Corruption Perceptions Index (Transparency International 2020). Furthermore, one often sees tensions within a country, between systemically corrupt actors and non-corrupt progressive actors striving to reduce corruption. A good example of this is seen in Mexico, with extensive systemic corruption at high levels of political power, but with multiple actors (for example the Federal Audit Board) working actively to combat corrupt activities. (See Chapter 3.1.)

Clearly, combating corruption in the urban water and sanitation sector is particularly challenging when it is systemic. Nonetheless, as documented in this report, there are multiple ways in which progressive and committed actors (in urban government, in water and sanitation institutions, in NGOs and civil society organisations [CSOs], in the private sector, the judiciary and the media) can advance integrity in urban water and sanitation despite wider systemic corruption.

There are many ways for progressive and committed actors to advance integrity in urban water and sanitation, even in cases of systematic corruption

1.3 The impact of corruption and integrity failures

Assessing the impact of corruption and integrity failures is complex, because such activities are often hidden from public view, and there are both direct and indirect impacts. Nonetheless, there have been multiple attempts to assess these impacts. Here it is important to distinguish between the amount of money corruptly diverted and the total social, environmental and economic costs of corruption and integrity failures. In simple terms, the total social, environmental and economic cost of corruption and integrity failure = (USD amount of money corruptly diverted) + (USD-equivalent social, environmental and economic cost of negative effects, such as those arising from the malfunction of a sewerage network because the construction contract was corruptly awarded to an incompetent company).

Considering all sectors (not just water and sanitation), the United Nations Secretary-General and World Economic Forum estimate that at the global level, the amount of money corruptly diverted is at least 5% of the world gross domestic product or USD 2.6 trillion annually. **The World Bank has estimated that the private sector and individuals pay more than USD 1 trillion in bribes every year (World Bank Institute 2006).**

The United Nations Office on Drugs and Crime has estimated that on average, 10–25% of a public contract's overall value is lost to corruption) (UNODC 2013). For global public procurement, which is estimated at nearly USD 9.5 trillion (World Bank Group 2016), this suggests total loses of about USD 900 million to USD 240 billion – USD 2.4 trillion in public procurement alone. **Since 2013, the developing world has been found to lose USD 1.1 trillion annually in measurable illicit financial flows** (Kar and Spanjers 2015), compared with about USD 100 billion in development assistance (Ortega, Sanjuán and Casquero 2017), meaning that there is about USD 10 of illicit outflow for every USD 1 in aid (Danziger 2009).

Clearly, estimating losses due to corruption at the global level is not an exact science, and here emphasis is not on the precise estimates, but on their ballpark magnitude. Worldwide and across all areas of economic activity, hundreds of billions of dollars are lost annually to corruption. Chapter 3.1 considers estimates specific to urban water and sanitation.

But, corrupt diversion of resources is not the only problem. Corruption has multiple and pervasive negative effects including, but not limited to, poor quality of construction (for example because the contract was awarded to the bidder who offered the best kickback, not to the best-qualified bidder); inappropriate or overdesigned infrastructure (for example because decision makers favour large contracts with rich corruption opportunities over smaller but potentially more appropriate solutions); and poor performance of public-sector employees (for example because of nepotism). These may

PH: IMASIKO NYAMBE, LUSAKA, ZAMBIA (~2019)

lead to long-term economic, social and environmental costs from inappropriate, delayed or collapsing infrastructure, service delivery failure, and even widespread lack of trust in government and the wider social contract.

A full accounting of the costs of corruption would need to extend beyond the diversion of resources, to consider the social and economic impact on society. For example, inadequate water, sanitation and hygiene is estimated to cause 827,000 deaths due to diarrhoea and other causes annually, and poor sanitation contributes to malnutrition and other diseases (WHO 2019). Lack of access to decent water and sanitation services reduces human well-being, constrains educational and livelihood aspirations, and puts women and girls at risk of sexual abuse.

Furthermore, corruption tends to concentrate wealth, providing the wealthy with illicit means to protect their position. It has been argued this breeds other forms of crime, social and political instability, and even terrorism (UNODC 2004); similarly, corruption can be a driver of conflict, illicit trafficking of guns, drugs and people (UN 2018). And, as detailed in Chapter 4.2, the poorest segments of the population tend to be more vulnerable to bribery demands, and lose a greater proportion of their income as a result.

There is a lack of reliable data to assess the extent to which the impacts of corruption are gendered. However, there are strong grounds for suggesting that corruption tends to harm women more (UNODC 2020). Women suffer more from the persistent lack of adequate water and sanitation services, as they are generally responsible for fetching water, managing inadequate toilets and taking care of those who become sick through service shortcomings. Pregnancy and menstruation make women even more vulnerable in the face of poor sanitation and water services, and (for both educational and social reasons) they may be less well-equipped to fight for their rights. As discussed in Chapter 4, there is evidence suggesting that women are more likely to be required to pay bribes in order to access urban water and sanitation services (Boehm and Sierra 2015). And, notably, women and girls may in some contexts be victims of "sextortion". In other words, they may be forced to provide sexual favours in order to access water and sanitation services. Equally, sextortion is commonplace in workplaces, and this could present a serious problem in the male-dominated industry of water and sanitation (see Chapter 4.5). Sextortion may result in mental health issues, sexual and reproductive health challenges including unwanted pregnancies that can bring negative social consequences, unsafe abortions, urinary tract infections, sexually transmitted infections including HIV, and, ultimately, even death.

Women and girls benefit significantly when corruption in water and sanitation is reduced

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1.4 Four pillars for advancing integrity

Traditional responses to fighting corruption have centred on the creation of more rules. But in many contexts, overly rigid compliance regimes and tougher enforcement have been of limited effectiveness. An emphasis on corruption investigations and sanctions also has it limits and can come at high costs. The OECD Council on Public Integrity recommends shifting the focus to "cultivation of a culture of integrity across the whole of society" (OECD 2017). Since 2008 and the publication of the first global report specifically mentioning corruption in the water sector (Transparency International 2008), the focus of WIN and partners has been on reducing the risk of corruption and on deliberately building a culture of integrity.

The "TAPA" framework identifies the key elements for achieving integrity in water and sanitation as Transparency + Accountability + Participation + Anti-corruption. The TAPA framework echoes key human rights principles as well as the good governance principles put forward in SDG 16 and others more specific to the sector, such as the OECD Principles on Water Governance (especially Principle 9). The framework is used by a wide range of organisations, including WIN and its partners, as a means to think about integrity systematically and to plan concrete actions.

The TAPA framework: Transparency + Accountability + Participation + Anti-Corruption, identifies the key elements to build integrity in water and sanitation delivery

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TRANSPARENCY

Means that everyone has access to relevant information, including information about budgets, plans, and implementation progress, in a manner that is accessible and meaningful.

ACCOUNTABILITY

Means that all organisations, including government, service providers, NGOs and development partners understand and fulfil their responsibility in ensuring that everyone has access to decent water and sanitation services, that they can demonstrate to stakeholders that they are carrying out their responsibilities, and that there is the possibility of sanctions where this is not happening.

PARTICIPATION

Implies that all stakeholders, including marginalised and resource-poor groups, are meaningfully involved in deciding how water is used, protected, managed and allocated, and how sanitation services are provided.

ANTI-CORRUPTION

Comprises those actions that reduce or minimise the opportunities for corruption, and which result in action taken where corruption is discovered.
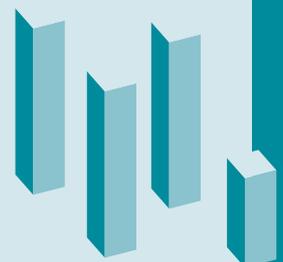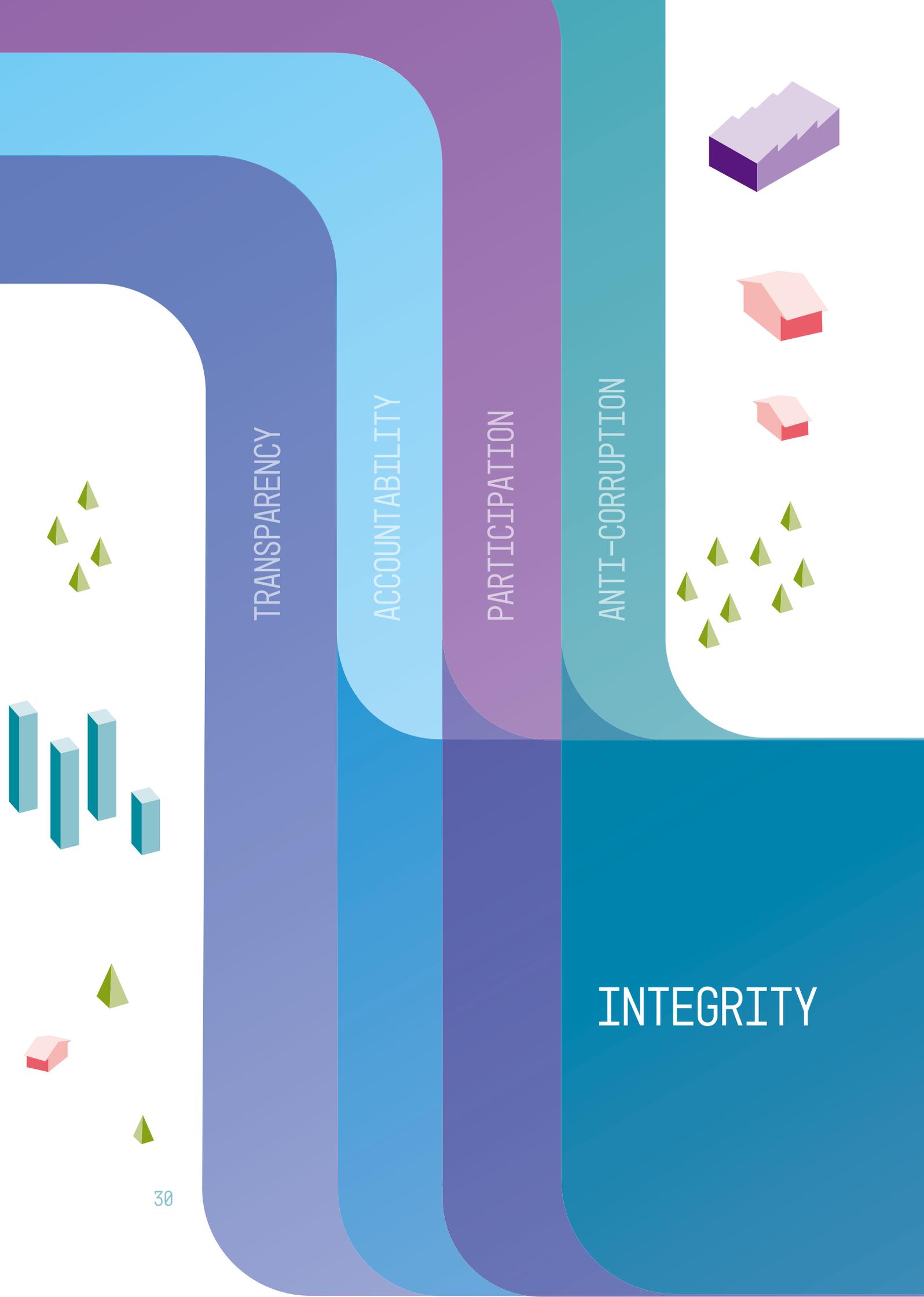
TRANSPARENCY

ACCOUNTABILITY

PARTICIPATION

ANTI-CORRUPTION
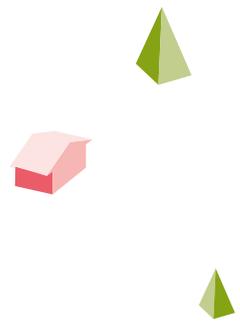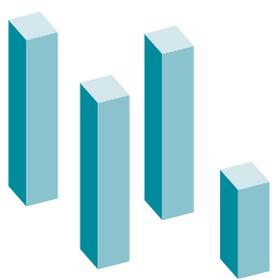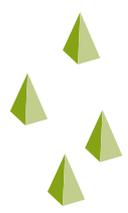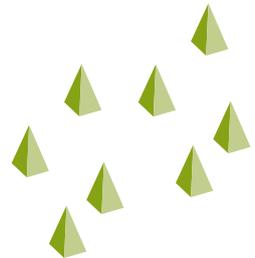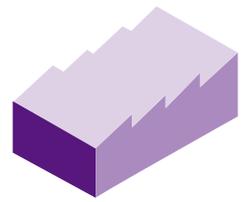
INTEGRITY

1.5 Advancing integrity in a changing world

Corruption and integrity failures are not the only problems the world faces right now, and not the only challenges faced by people working to improve urban water and sanitation. While they are a centrally important issue, they need to be understood within a wider context.

COVID–19

Since 2020, the world has been dealing with the profound and far-reaching challenges raised by the COVID-19 pandemic. It has had multiple implications for integrity. As a result of climate change, pandemics and other disasters are expected to increase in frequency and severity. Situations of emergency often increase opportunities for corruption because procurement rules are relaxed in order to allow rapid response, and may be used as a reason for closing civic space (Bethke and Wolff 2020) and reducing transparency measures. The COVID-19 crisis will very possibly reduce domestic investment and international development assistance to water and sanitation for the urban poor, as resources are redirected to support COVID-19 responses. While the reasons for this re-direction are clear, there is a risk that dealing with this short-term health issue may lead to reduced investment in urban basic services including water and sanitation, which will remain critically important for urban health long after the COVID-19 crisis has subsided. In addition, the COVID-19 pandemic has undermined the financial health of a large number of water utilities due to crisis measures that have impacted on revenues and reduced industrial demand due to lockdowns (IFC 2020).

CLIMATE CHANGE

This has profound implications for urban water and sanitation management. Perhaps most directly, decisions about the delivery of equitable and sustainable water and sanitation services need to be taken in a context of increasing water scarcity, and/or more frequent and intense floods and droughts in many regions of the world. Increased flooding often impacts urban informal settlements severely. Climate change is also a key driver of migration and urbanisation as rural livelihoods are threatened by increasing temperatures and changing rainfall patterns, increasing the number of people living in urban informal settlements. Forty-seven of the largest projected cities by 2100 will be coastal cities that are vulnerable to rising sea levels (Hoornweg and Pope 2017).

Climate funds are expected to increase in coming years, and corruption in climate projects is on the rise (White and Hook 2020). The water, sanitation and wastewater sector is a major beneficiary of climate funds, receiving the highest adaptation funds among various sectors (GIZ, WIN 2019). As global climate finance flows are expected to increase over the next years, the water sector's vulnerability to corruption will increase accordingly. This will particularly impact those populations most vulnerable to the effects of climate change (UNDP 2010).

TECHNOLOGY

Technological developments continue to advance at breakneck speed, most notably in information technology (blockchain technology, artificial intelligence, big data analytics, civic technologies) and associated models of social communication and cloud data collection. As in other sectors, these advances can have multiple applications for the design and management of urban water and sanitation, with particularly clear application in community participation (Chapter 11.3). Blockchain is currently being used extensively to monitor supply chains and certify environmental standards. Modern communication platforms (SMS, email, Facebook, Twitter, etc.) offer powerful avenues for inviting community participation, enabling consumer complaints, and whistle-blowing about suspected corruption and integrity issues. Blockchain solutions are also being developed to enhance transparency, with very promising potential in anti-corruption efforts, as discussed in Chapter 7.1. Furthermore, artificial intelligence applications and big data analytics are increasingly being used to detect corruption and fraud, as well as to generate evidence that can inform anti-corruption efforts. At the same time, large numbers of people across the world do not have access to the digital world, and these technological advances hold the potential to increase the marginalisation of the poor, including those in informal settlements.

POLICY AND INSTITUTIONS AIMED AT REDUCING CORRUPTION

Although progress is not uniform across all countries and sectors, factors that are contributing to an incremental improvement include a shift towards more transparency and better access to information; improved monitoring and accountability mechanisms; adoption of laws, regulations, and international standards; etc. Importantly, there is more acknowledgement of the problem and its consequences, which has led to more research, better understanding of the issues, and innovations to curb corruption. This report will shed light on some of these promising developments as they apply to the urban water and sanitation sectors. It is worth noting, however, that the urban water and sanitation sectors operate within a larger national and global context, and are impacted on by corrupt activities outside the sector, one of these being illicit financial flows which extract wealth from countries of the Global South and reduce the tax revenues available to governments to spend on critical issues such as meeting the human rights to water and sanitation.

4–10%

of global corporate income tax revenues (around USD 100–240 billion annually) is lost to tax avoidance practices

A 2019 OECD blog post notes "How can developing countries finance their efforts to meet the SDGs? Aid and borrowing are not enough. They need to mobilise domestic resources to finance their development. For many countries, better tax collection holds the key. The trouble is that multinational companies are very good at lowering, or even eliminating, the tax they should pay. This is a major challenge for developing countries, not least because of a shortage of skilled auditors capable of going head-to-head with the multinationals" (OECD 2019). An estimated 4–10% of global corporate income tax revenues (around USD 100–240 billion annually) is lost to tax avoidance practices including profit transfer among a multinational's subsidiaries in different countries. As OECD says, this is "money that could be spent on education, health care, infrastructure and pensions" (OECD 2019). The amounts lost through tax evasion and avoidance in the Global South are far greater than aid inflows (Christensen 2020). At the same time, there are questions around whether international loan financing might skew decision-making in the water and sanitation sectors to larger, more expensive projects, and result in outflows of wealth from poorer countries to wealthier ones (Furlong 2021).

Reducing illicit financial flows can assist in funding the delivery of water and sanitation services

PH: JULIA JOPPIEN

The urban context

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Chapter 2 focuses on urban water and sanitation. Firstly, what is understood by "urban"? Secondly, are there particular features of urban communities and urban governance which differentiate corruption and integrity failures in the urban context? Thirdly, the Chapter explores the importance of urban water and sanitation improvements, as well as some of the challenges of improving water and sanitation services for urban dwellers, particularly those living in low income and informal settlements. Finally the Chapter considers what all of this means for advancing integrity in urban water and sanitation.

CHAPTER 2

2.1 What is meant by "urban"?

Between 1950 and 2018 the global urban population grew from around 800 million to around 4.2 billion, at an annual growth rate nearly twice that of the global population increase. The proportion of the population living in urban areas rose from 30% in 1950 to 55% in 2018, with a projected 68% for 2050. The rapid urbanisation process is expected to continue in the coming decades so that an increasing majority of the global population will be living in urban areas (UN DESA 2018).

Nearly 50% of urban residents globally live in cities or towns with a population of less than 500,000, while about 13% live in 33 megacities with populations of over 10 million (UN DESA 2019). Asia and Africa account for more than 90% of projected future urban population growth, with India, China and Nigeria accounting for around one third of this. A considerable amount of this growth will be in cities with fewer than 500,000 inhabitants (Zinnbauer 2020).

At the same time, the growth of megacities will continue. This growth will bring enormous urban governance challenges, often in places where governance is already weak.

While "urban" is clearly a meaningful term to most, precisely defining the boundaries between urban and rural is complicated. The United Nations Statistics Division indicates that there is no single global definition of "urban" versus "rural", because of major differences in settlement patterns among countries. Common criteria used to define "urban" and administratively distinguish urban areas include population size, population density, and socio-economic structure (United Nations 2017). This report adopts an OECD approach which considers as urban any settlement with population size of 50,000 or more, and population density of 1,000 or more people per square kilometre. The urban areas discussed in this report range from huge mega-cities (like Tokyo (Japan), Delhi (India) or Shanghai (China) to smaller cities and towns.

Large cities often merge gradually into "rural" and, in some cases (like Antananarivo (Madagascar)), may contain quasi-rural communities embedded within the city itself. The term "peri-urban" is used to refer to such communities, though this term also has various interpretations.

The number of people living in informal settlements had grown to more than 1 billion in 2018 (UN 2019). The number is estimated to grow to over 1.5 billion by 2030, and over 2 billion by 2050 (Zinnbauer 2020). Informal settlements are a persistent reality of contemporary urban life and must be addressed as such. In this report the term "informal settlement" is used to avoid the often judgemental and harsh associations with the term "slums". Such areas are described by UN-Habitat as: "marginalised, large agglomerations of dilapidated housing often located in the most hazardous urban land – e.g. riverbanks; sandy and degraded soils, near industries and dump sites, in swamps, flood-prone zones and steep slopes – disengaged from broader urban systems and from the formal supply of basic infrastructure and services, including public space and green areas" (UN Habitat 2018). These areas are generally characterised by poor or non-existent service provision; high population density; unplanned and uncoordinated construction of housing and roads; undocumented or contested land tenure rights; diverse and often unstable livelihoods; and often pollution and environmental problems. Such areas may suffer from flooding of pit latrines and sewers contaminating water sources and contributing to diarrhoea and cholera outbreaks. The problems are worsening with the impacts of climate change and accelerated rural to urban migration. Such areas are of particular interest in this report, in line with SDG 11.1: "by 2030, ensure access for all to adequate, safe and affordable housing and basic services, and upgrade slums".

PH: YAOPEY YONG

2.2 Specific challenges of urban governance

UN-Habitat defines urban governance as "the sum of the many ways individuals and institutions, public and private, plan and manage the common affairs of the city. It is a continuing process through which conflicting or diverse interests may be accommodated and cooperative action can be taken. It includes formal institutions as well as informal arrangements and the social capital of citizens." (UN Habitat 2010).

Governance in cities and towns has distinctive characteristics related to the concentration of population, political and economic power, and the diversity of stakeholders at city and neighbourhood levels. The detailed planning of urban spaces and services is primarily a responsibility of city governments, and the management of water and sanitation is closely integrated with the development of housing, infrastructure, and business zones, as well as concerns such as disaster risk management. At the same time, the governance and integrity management for urban areas is included within national governance mechanisms. Given the complexity of institutions involved, it is useful to use a multi-level governance lens to understand and optimise the division of decisions and functions between city governments and provincial and national governments, as well as international organisations. Lack of institutional coordination among these levels leads to weak governance, and this can hinder accountability and create openings for corruption (OCDE 2016).

While the daunting challenge of growing urban populations is clear, it is important to think of cities in terms of their potential.

"If managed well, cities can act as engines of growth and provide inhabitants with better job opportunities and improved healthcare, housing, safety and social development. Further, cities can contribute to national growth through increased revenue generation and political stability, as well as playing a role in post-conflict reconciliation. Conversely, cities that are poorly planned, managed and governed can become centres of poverty, inequality and conflict."

— William Avis, University of Birmingham (Urban Governance: Topic Guide, 2016).

One challenge is that rapidly growing cities may expand beyond their formal boundaries, resulting in functional urban areas that are made up of a number of different jurisdictions. In Mexico City (Mexico), for example, less than half of the residents actually fall within the jurisdiction of the City government. The same is true in Manila (Philippines) and Jakarta (Indonesia). In Abidjan (Côte d'Ivoire), coordinating urban functions involves more than 100 local jurisdictions. The picture is made more complex by many urban services that are the responsibility of national or state-level actors. In some contexts, responsibilities for urban services move between national and local governments depending on political decisions regarding centralisation or decentralisation, making consistent service delivery difficult (Zinnbauer 2020).

"The scope and severity of the living conditions in informal settlements make this one of the most pervasive violations of human rights globally. The world has come to accept the unacceptable. It is a human rights imperative that informal settlements be upgraded to meet the basic standards of human dignity."

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— Leilani Farha, United Nations Special Rapporteur on the Right to Adequate Housing (Report to the UN General Assembly, 2018)

In industrialised countries urban settlements are largely formal, with recognised land ownership and tenure. In contrast, many cities in the Global South typically show clear demarcations between formal and informal areas. Formal areas include commercial and industrial zones, and residential areas with income levels rising from low to middle income to wealthy, typically with formal services including piped water and, in some cases, sewerage. Within or beyond these formal areas, poor and marginalised people live temporarily or permanently, often hidden from view. United Nations Special Rapporteur on the Right to Adequate Housing Leilani Farha has stated that: "The scope and severity of the living conditions in informal settlements make this one of the most pervasive violations of human rights globally. The world has come to accept the unacceptable. It is a human rights imperative that informal settlements be upgraded to meet the basic standards of human dignity."

The relationship of informal settlements with officialdom has always been challenging. Residents of these areas have sought to improve their communities, yet these organising capabilities and the agency of these communities are often poorly recognised and valued by government – people living in informal settlements are urban residents with rights, making a contribution to the urban economy. At the same time, words like "slum" carry negative connotations of illegality, criminality, danger and lack of legitimacy. These negative associations are often internalised by residents of informal settlements, which can make it difficult for them to develop pride in their identities, and can reduce the prospects of strengthening trust and cooperation, and building organisations to promote development (Marshall, et al. 2009).

Urban planning has been at times controversial, and often it has been apparent that the priorities of city governments are not closely aligned to the most pressing needs of poor residents (Hardoy and Satterthwaite 1989). Planners seek to establish ordered spaces, but are instead faced with spontaneously-constructed informal settlements (Ferguson 2007). In some cases, informal settlements are installed by cartels to shelter rural immigrants, and the cartels then turn to officials to ratify the unplanned urbanism and provide water. Local politicians, elites and criminal elements often interact in webs of corruption and political ambition.

2.3 Specific challenges of urban water and sanitation service provision

Ensuring decent water and sanitation provision in urban areas is very different from rural contexts, partly because of higher population density, but also because of the high rates of urbanisation and the large number of people living in informal settlements. At the same time, the higher concentrations of population in urban areas offers economies of scale in providing services.

SDGs 6.1 and 6.2 set the goals of "safe and affordable drinking water" and "adequate and equitable sanitation" for all by 2030. Global tracking of progress towards these goals is coordinated by the WHO/UNICEF Joint Monitoring Programme, and is centred around definitions of water and sanitation services as "unimproved", "basic" or "safely managed" (WHO, UNICEF 2019). This framework is useful for global tracking, but has challenges in translation to specific country and city contexts. For example, a sanitation solution which meets the international criteria for "basic" (such as a ventilated latrine with slab) may still not be adequate in many high density informal settlement contexts.

Figure 2: Water and sanitation in urban areas in 2020

Coverage of safely managed drinking water in and safely managed sanitation in urban areas (2020)

SDG6
Water and
sanitation for
all by 2030

| | 02 | 04 | 06 | 08 | 0 | 100 |

Urban drinking water
coverage 2020 – safely
managed water

Urban sanitation
coverage 2020 – safely
managed sanitation
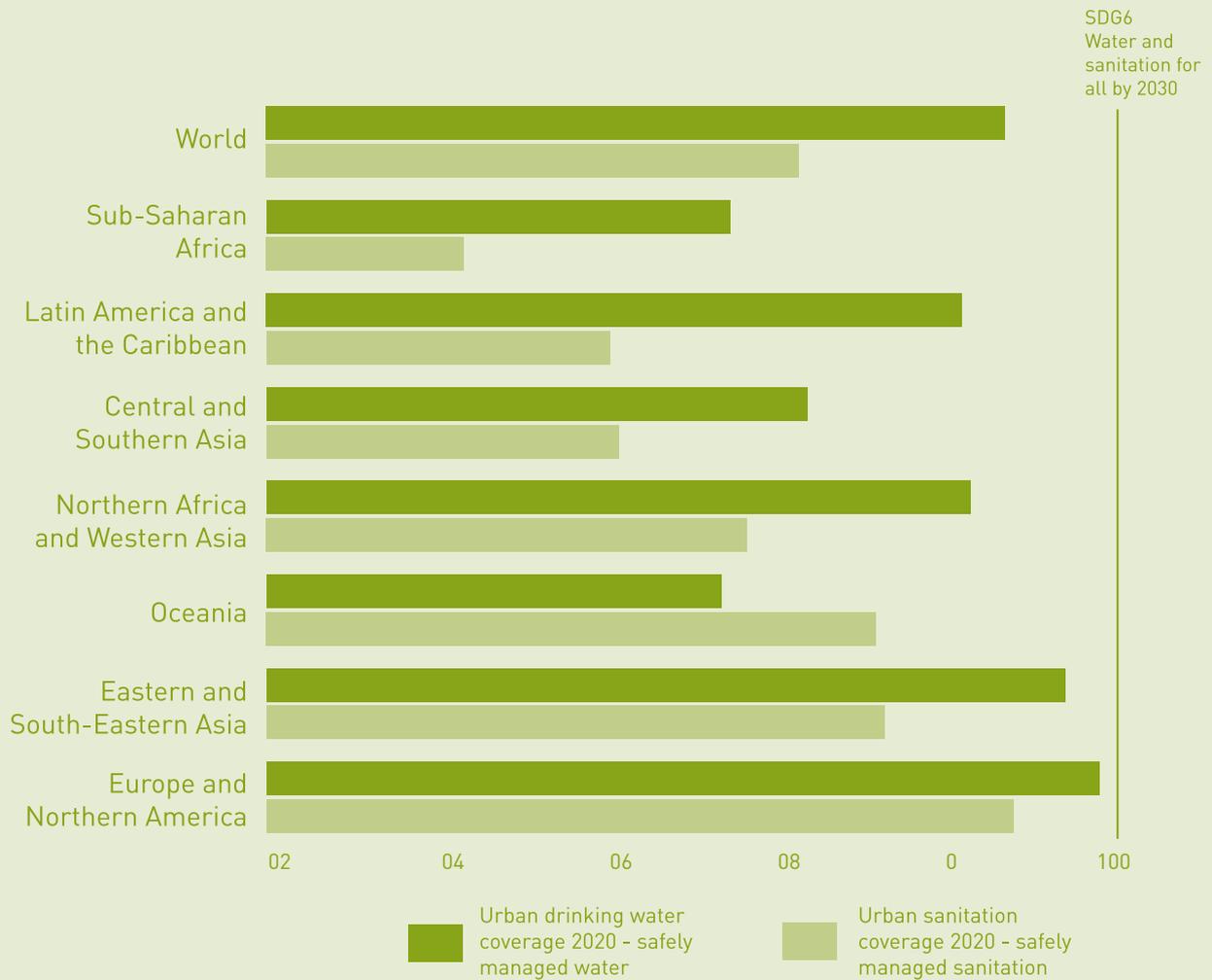
Source: WHO and UNICEF 2021

Figure 3: Wealth inequality ratios for basic drinking water coverage and basic sanitation services in selected countries

Urban - ratio of drinking water coverage in richest to poorest wealth quintiles, selected countries

Kenya (2015)   1.5

Mozambique (2018)   1.8

Benin (2018)   2

Democratic Republic of Congo (2018)   2.8

Madagascar (2018)   4.9

Urban - wealth inequality ratio for at least basic sanitation services, selected countries

Ethiopia (2016)   9

Namibia (2013)   9

Ghana (2019)   10

Benin (2018)   34
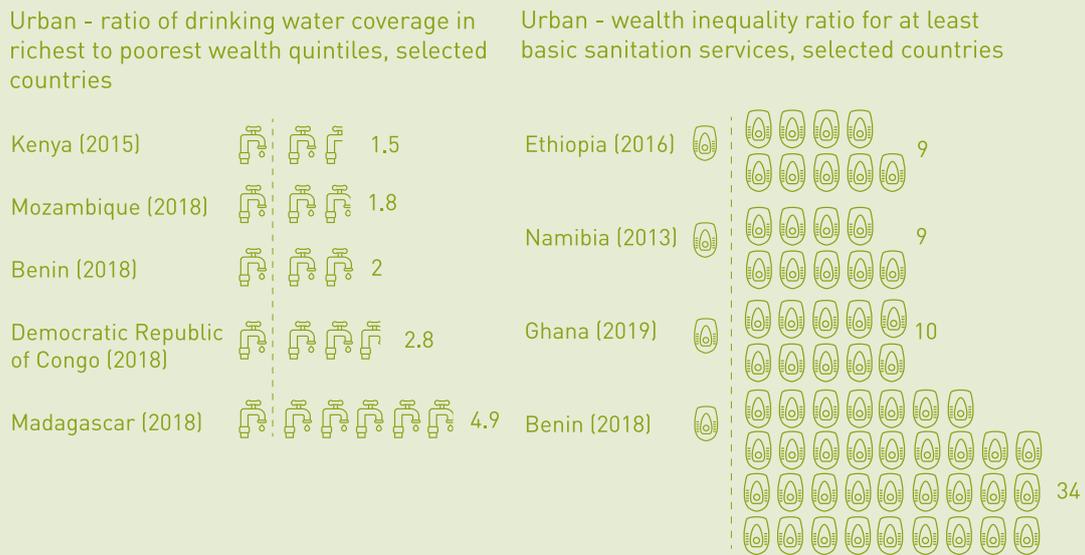
Source: WHO and UNICEF 2021

Urban areas are key drivers of economic growth, and house a range of commercial and industrial activities, carried out by a range of companies from large, international companies, to micro enterprises and individuals. More than 80% of global GDP is generated in cities (World Bank Group 2020). Unreliable water services, poor water quality, and inadequate sanitation and waste water treatment processes impact negatively on the ability of these enterprises to function effectively, and have significant downstream impacts on other water users and ecosystems.

Safely managed water and sanitation brings huge benefits to health and well-being

While a relatively simple pit latrine can work in rural areas because population density is low and the volumes of faecal waste produced are sufficiently small for the soil to absorb and treat the solid and liquid components of the waste onsite, in urban areas with high population densities, the volumes of faecal waste produced are too high to be dealt with safely in this way. The waste must be transported elsewhere for treatment, whether by a piped sewerage network or some sort of vehicle (e.g. a tanker truck). Similar considerations apply to grey water management. Providing decent quality water in urban areas is also largely dependent on a networked system.

This requirement for networking has profound management implications. Water and sanitation provision in high density urban areas is a complex service delivery system requiring city level management, not a collection of individual management solutions. Ideally, for ease of management and optimal public health, a city's water and sanitation should be managed by one authority. But some utilities and local authorities may not be able to achieve this, so interim or alternative solutions need to be found (see Chapter 2.5). Technological and management solutions for water and sanitation delivery vary greatly among different cities.

In wealthier countries the entire city is usually served by a centralised sewerage network, which transports both faecal waste and used water. In lower income countries, the most common picture is similar to that for water supply. The wealthier areas of the city are served by a centralised piped sewerage network with household connections, but informal settlements and areas beyond the centre of the city are unserved by this network. People living in informal settlements and peri-urban areas are therefore usually dependent on onsite sanitation solutions, most commonly pit latrines or pour-flush to septic tank solutions of varying degrees of sophistication. This raises multiple public health challenges because onsite sanitation facilities need regular emptying (faecal sludge management), onsite facilities discharge pathogen-contaminated liquid effluent to the local environment (which may constitute a significant health risk), and because these are often shared facilities which raise challenges in terms of keeping the facilities clean and protecting the safety of women and children using the facilities.

As mentioned, in informal settlements toilet facilities are often shared by more than one household. In some contexts, this is because people are living in very small rented dwellings without space for a private toilet (Evans, et al. 2017). At the more acceptable end of the spectrum are compound/community toilets used by a defined small group of families. But, in many cases, shared toilets are public toilets used by large numbers of people. The toilets are often filthy and stinking (Dagdeviren and Robertson 2011). Women and girls are particularly at risk of gender-based violence in shared facilities.

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Institutional arrangements for onsite sanitation are complex and evolving (see Chapter 7.2), and payment systems and integrity risks have changed. Historically, many utilities were water and sewerage companies, with no responsibility for non-sewered sanitation (i.e. providing sanitation in unplanned and unserviced settlements). In a number of countries, that situation is changing, and utilities and municipal governments are beginning to assume some responsibility for non-sewered sanitation. In Zambia, for example, the Lusaka Water & Sewerage Company has recently changed its name to Lusaka Water Supply & Sanitation Company. However, in many cases this remains a hands-off involvement, often through private sector service providers or community organisations, with sewerage systems serving the non-poor continuing to receive the bulk of investment. In the least equitable scenarios, sewer-connected customers receive a subsidised service, while non-sewered poor residents are expected to pay the full costs of their onsite sanitation (see also Chapter 2.5).

Recent developments in sanitation include city-wide inclusive sanitation (CWIS) which aims to provide everyone, including those in informal settlements, with access to safely managed sanitation by utilising a range of solutions – both onsite and sewered, centralised or decentralised – which are appropriate to the realities of growing cities. CWIS focuses on service provision and its enabling environment, rather than on constructing infrastructure. Part of the CWIS approach requires a reconsideration of the financing of sanitation services, including moving away from the subsidisation of sewered approaches at the expense of non-sewered sanitation. Under the CWIS approach, clear and appropriate institutional arrangements and regulations support operation and maintenance (O&M) across the full sanitation service chain and funding is made available for both infrastructure and non-infrastructure aspects of service delivery, such as capacity building, and household engagement and outreach.

Industrial and commercial water use in urban areas is significant, and the treatment of industrial wastewater is a major challenge in many cities. Many water bodies in cities of the Global South receive highly polluting industrial effluents; in many cases, across the world, bribes are paid to enable illegal discharge. Industrial water supply and wastewater treatment is part of the urban water and sanitation puzzle, and this report provides several examples of integrity issues related to industrial uses.

2.4 Urban water and sanitation: the question of "formalisation"

As noted in the previous section, cities in the Global South typically see a mix of formal utility service provision and semi-formalised or informal provision by smaller-scale providers. This raises a series of issues relevant to integrity.

Pro-poor approaches to informal settlements must be part of all urban water and sanitation services delivery programmes

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Utilities may operate at national, regional or city level. They may be government-owned, quasi-public, or in some cases government-contracted private operators. In high income countries in the Global North, piped urban water networks developed alongside industrialisation since the mid-1800s have had an enormous positive effect on public health. But the initial costs were high, and ageing infrastructure is, in many cases, now creating challenges. Developing countries face the twin challenge of maintenance of existing networks and extending services to all their residents. In the Global South, a wave of institutional reform centred around decentralisation and corporatisation was promoted by international financial institutions and aid agencies, starting in the 1980s. As a result, today most countries manage water and sanitation delivery at the subnational level, or share responsibilities between national and subnational governments. Corporatised models were promoted to protect service providers from political interference that might, for example, maintain water tariffs at unsustainably low levels. This led to legally independent public companies or, in some cases, to private sector or non-profit providers. By 2014, some 35 countries had engaged in corporatisation reforms, and 61 countries had granted at least one privatisation contract in water and sanitation (Herrera and Post 2014). But there are also many instances of "remunicipalisation", as discussed in Chapter 5.3.

PH: SANDIPAN MUKHERJEE, SALIMPUR, KOLKATA, INDIA

People living in informal settlements depend on small-scale providers. They're an important part of the resilience of the informal settlement. But this situation also has important integrity implications due to unregulated vendors or even "water-mafia", and associated public health implications, most notably because of often low microbiological quality of water from unregulated suppliers. (Though piped water supplied by utilities may also have low microbiological quality. Chapter 3.6 where the issue of lack of transparency about water quality by the utility in Dhaka (Bangladesh) is dealt with). It also has multiple economic and equity implications (Chapter 8.2). Water purchased by the bag (for example) has much higher price per litre than utility supplied piped water. Furthermore, the presence of informal services can create obstacles to the establishment of more formal services, as existing operators and "mafias" defend the status quo.

All of these factors raise complex and context-dependent questions around existing informal service provision. Should a city be aiming to work with small-scale providers and bring them under regulation to ensure transparent and accountable service provision? Or should the aim be to rapidly expand the utility to cover all areas? What policy should governments and donors follow to make positive changes – use existing resources to make incremental improvements, or wait until sufficient will and resources are available to make wholesale improvements? One approach is to view utility coverage as an expanding circle, with the long-term goal being full coverage of the city by the utility, with the acceptance of well-regulated non-utility provision in the interim.

50% ⟶ 80%
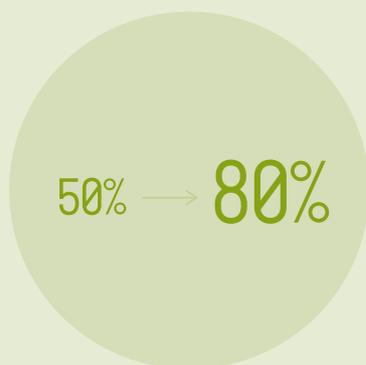
Small-scale providers meanwhile continue to play a central role in many informal settlements. Street vendors, water resellers, kiosks and water tankers supply water to 50% of the urban population in Africa, and over 80% in some urban centres in Nigeria, Senegal, Kenya and Sudan (Kariuki and Schwartz 2005).

But this model raises multiple questions relating to integrity, which are probably best answered when looking at specific city or country examples. Does acceptance of this gradual-change model risk a situation in which the under-served will always be excluded and will always receive a lower quality service from small-scale providers? If the area of utility provision does expand, can one be sure it will provide a better service than is already being provided? In the worst-case scenario a utility expands simply to solidify and extend its commercial monopoly, without providing an acceptable service in low income areas. Will gradual incorporation of informal service providers into a regulatory framework support better services, or simply drive operators out of business or underground? And what is the impact on the livelihoods of informal vendors in these areas if delivery of water is taken on by the utility?

It is critical for municipal governments and regulators (and other agencies involved in long-term planning of urban water and sanitation delivery) to assess these questions very carefully, as further discussed in Part III.

2.5 What does this mean for integrity?

Corruption in the urban water and sanitation sectors is not fundamentally different from corruption in other sectors. There are methods and lessons that can be shared between sectors. Nonetheless, the urban water and sanitation sectors have some particular features. Notably, adequate water and sanitation are basic human rights. The absence of adequate water and sanitation has major impacts on health and other aspects of well-being, particularly among poor urban residents.

Corruption in the construction of a piped water network will often have more damaging impact than corruption in the construction of a football stadium. Further, some specific characteristics of the urban water and sanitation sectors can favour corruption. For example, water is often delivered by a monopoly utility (either directly to the consumer, or via intermediaries such as standpoint operators or tanker vendors), and monopoly control creates additional risks of corruption and integrity failure, particularly in the absence of effective regulation. In addition, piped water and sewerage systems involve expensive infrastructure, which requires regular maintenance.

Again, this can create opportunities for corruption (Trapnell, Jenkins and Chêne 2017). Part II documents some of the multiple types of corruption and integrity failures that can occur in the urban water and sanitation sectors.

A recent OECD Survey on water governance in African cities highlights the progress and gaps in adopting integrity and transparency tools at city level (OECD 2021).

In particular, the survey reveals that in 42% of the surveyed cities, water accounts are not separated from city accounts, making it is difficult to account specifically for water and sanitation expenditures. More worryingly, more than half of the cities reported that clear

procurement processes or budget transparency principles are not adhered to. The application of other integrity mechanisms is even more rare. Fewer than one-third of the cities are found to implement annual disclosure of financial information of water and sanitation services, random audits, or anti-bribery management systems.

From a more positive perspective, water and sanitation services are directly important to people's everyday lives and to economic activity in cities. They are highly visible to residents, which means that it is relatively easy to engage residents in the drive for integrity. They are something that both the private sector and communities consider important, and stakeholders can organise around them. The role of "community power" is explored in Chapter 11.

Water and sanitation sectors are vulnerable to corruption but because they are so essential, urban residents and stakeholders are keen to engage and drive integrity forward

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PH: MARIE PIESSAT, WATER ALTERNATIVES PHOTOS, ROOF WATER TANGS, CAIRO, EGYPT

Figure 4: Transparency and integrity mechanisms
in 36 surveyed African cities

Source: OECD 2021

PART II

Integrity failures in urban water and sanitation

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Integrity failures in urban water and sanitation

This part of the report documents specific cases of suspected or confirmed corruption and integrity failures from various cities and countries. The inclusion of these cities and countries does not mean that they have particularly severe corruption issues. Rather, they are areas from which detailed documentation is available; and they deserve recognition for the transparency that has allowed documentation of integrity issues. Particularly detailed information is available from Mexico, Thailand and Zambia (for which overview studies were commissioned as inputs to this report), and from South Africa and Kenya (the subject of recent WIN studies)1. These countries should be considered as representative examples, not as particular hotspots of corruption. Integrity failures in urban water and sanitation are widely present across the globe, whether in low, middle or high income countries. Indeed, gratitude is due to these countries and organisations that have enabled the process of learning from the corruption challenges they have faced and the integrity steps they are taking.

The three chapters of Part II look at three broad areas of integrity failure:

Chapter 3——→ covers corruption in the management of public resources, including accounting fraud of multiple types, procurement corruption, and nepotism in recruitment.

Chapter 4——→ focuses on corruption at the community-institution interface; most centrally, bribery of a public official to obtain fulfilment of a basic human right or beneficial treatment.

Chapter 5——→ looks at issues of integrity, equity and development, and their impacts on residents of informal settlements in particular.

There are clear links and overlaps between these areas, and some instances of corruption might fall into more than one area. As outlined in Chapter 1, there are multiple ways of categorising integrity failures.

Before moving into detailed consideration of different types of integrity failure, it is useful to have an understanding of the perception of relative frequency of different types of failure. In 2020, WIN conducted a small survey of partner organisations. Respondents were given a list of categories of integrity failure and, in each case, asked "In the urban water and sanitation sector of your country/region/scope of work, how often does this type of integrity failure occur?"

It should be stressed that the findings are from an informal survey of 31 organisations working in the water and sanitation sectors and are based on the perceptions of those

surveyed. They do not have the same weight and reliability as the findings of a highly-structured large-scale survey, and some of the answers may reflect lack of knowledge on particular issues rather than a real lack of such actions taking place, such as around "sextortion" (see Chapter 4.5). Furthermore, the frequencies of different types of integrity failure vary substantially between countries and between cities, and this is not captured here. Nevertheless, these responses give an approximate picture of the perceived frequencies of different types of integrity failure in urban water and sanitation.

As can be seen, the most frequently perceived type of integrity failure is "misuse of funds by public officials for political purposes" (covered in Chapter 3). In addition, perceived frequency is high for several categories of corruption in the management of public resources (Chapter 3), most notably "misappropriation of public resources for private benefit", "family/friends to influence public procurement outcomes" and "substitution of substandard materials in project delivery". Perceived frequency of corruption at the community-institution interface (Chapter 4) is somewhat lower. But taking for example "payment or soliciting of bribes to secure water services", this was still reported as occurring "sometimes" or "often" by over 45% of respondents. While sextortion was perceived to be relatively uncommon, research indicates that it is highly prevalent, but poorly recognised as a form of corruption.

PH: TOLUWANI ENIOLA, ABANDONED PIPES, RIMI, NIGERIA

Figure 5: Perception of frequency of types of integrity failure amongst WIN partners

■ Often   ■ Sometimes   ■ Rarely   Never

	Chapter 5 →
└── Misuse of funds by public officials for political purposes	
└── Misappropriation of public resources for private benefit	Chapter 3 →
└── Family/friends to influences public procurement outcomes	Chapter 3 →
└── Substitution of sub-standard materials in project delivery	Chapter 3 →
└── Family/friends to speed up admin procedures	Chapter 3/4 →
└── Family/friends for obtaining jobs or promotion	Chapter 5 →
└── Payment of bribes to speed up admin procedures	Chapter 3/4 →
└── Payment or soliciting bribes to influence public procurement outcomes	Chapter 3 →
└── Payment or soliciting bribes to influence inspection results	Chapter 3 →
└── Collusion between private firms to artificially inflate prices	Chapter 3 →
└── Charging illegal or unusually high fees for watsan services	Chapter 5 →
└── Payment or soliciting bribes to secure water services	Chapter 4 →
└── Payment or soliciting bribes to reduce regular fees of water services	Chapter 4 →
└── Payment of bribes for obtaining jobs or promotion	Chapter 3 →
└── Giving or soliciting of sexual favors for obtainig jobs or promotion	Chapter 3 →
└── Giving or soliciting of sexual favors to secure water services	Chapter 4 →

0   10   20   30   40   50   60   70   80   90   100   %

Source: Water Integrity Network 2020

PH: RAFAEL CARLOS GAVIRIA SANTOS, MEXICO CITY, MEXICO (~2020)

Corruption in the management of public resources

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Chapter 3 focuses on corrupt capture of public resources for private or political gain. This corruption often involves both public officials and private actors. Types of corruption include fraudulent accounting (at different levels ranging from high level embezzlement of large sums to low level fiddling of expense claims); corrupt procurement of infrastructure or services; bribery from private sector actors to public sector actors (for example, to avoid fines for pollution); nepotism in hiring, for the financial gain of relatives or friends; and corrupt capture of non-monetary resources (for example, water supply). These types of corruption not only divert funds; they often also lead to bad outcomes (for example, defective infrastructure and poor service delivery).

3.1 Introduction

"Corruption" is most commonly understood as the use of trusted power for private or political gain[1]. It has significant financial, social and economic impacts. In other words, reducing corruption brings enormous benefits.

The degree of corruption varies. At one extreme, there are cities and towns in which corruption is essentially due to the isolated actions of a few corrupt individuals. At the other extreme there are cities and towns in which corruption is highly systemic and deeply embedded at all levels in the governance structures, including in national government structures. (See Chapter 1.2 for further discussion). The challenges are more severe in places with high levels of systemic corruption, but even here anti-corruption and pro-integrity actions in the urban water and sanitation sectors can be highly effective.

Chapter 1.3 distinguished between the amount of money diverted by corruption and the total social and economic costs of corruption and integrity failure. Focusing here on the first of these two concepts, can the amount of money lost due to corrupt management of public resources in the urban water and sanitation sector be quantified? While this is difficult because corruption is so often hidden from public view, researchers in a number of countries have attempted to estimate total financial corruption losses in the water and sanitation sector[2]. Particularly useful recent data is available from Mexico, Kenya and South Africa. As already noted, the focus on these countries doesn't mean that they are particularly bad cases, but that they are generating and sharing transparent data[3].

[1] It should be stressed that corruption for private gain is not the only type of corruption. For example, public resources may be misdirected not for direct personal gain, but rather to consolidate political power. Corruption of this type is discussed in Chapter 5. This chapter focuses centrally on corrupt management of public resources for private gain (or in some cases for party political gain, i.e. to support the financing of political parties).

[2] These estimates have largely focused on corrupt diversion of public resources. For estimates of money lost by private residents required to pay bribes to public officials, see Chapter 4.1.

[3] Mexico, for example, has significant corruption issues, being ranked 130 of 179 in Transparency International's 2018 Corruption Perceptions Index. But it's also a country in which key institutions are making serious efforts to combat corruption. See, for example, Hinojosa, G. (2019) 'What's Happening with Mexico's National Anti-Corruption System?', WOLA. Available at: https://www.wola.org/analysis/progress-challenges-corruption-mexico/.
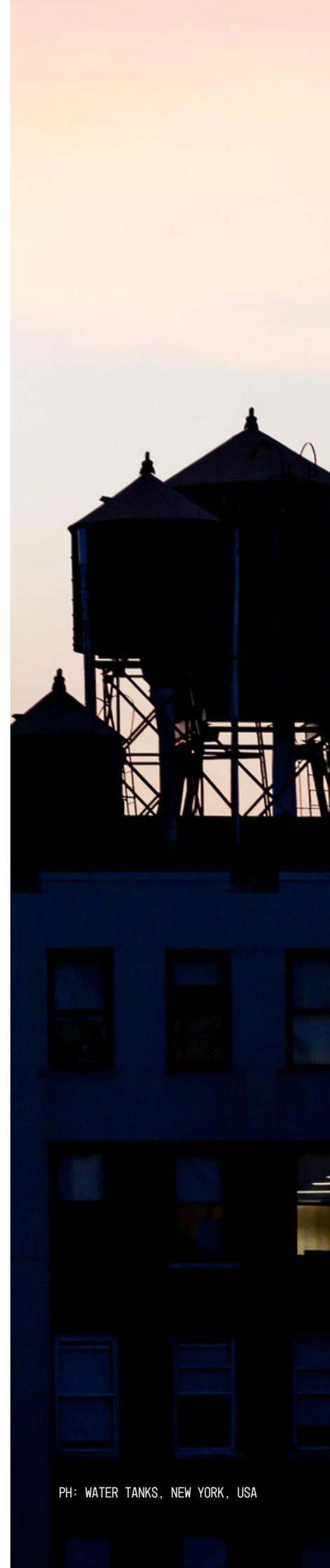
In Mexico, the think-tank Ethos has produced a series of detailed analyses of amounts of money diverted by corruption in the water and sanitation sector, drawing particularly upon extensive investigations by the Federal Audit Board (ASF). This work has looked at the water sector more widely (including large-scale investments in irrigation), not specifically at urban water supply and sanitation delivery. Nevertheless, the analysis documents multiple instances of corruption in urban water supply and sanitation. Ethos reviewed 2015–2018 audits of CONAGUA (the National Water Commission) by the ASF (Bolaños, Toledo and Osorno 2019). CONAGUA is a federal body with a wide-ranging mandate which includes setting water management policy at national and state level, and procuring and managing infrastructure investments.

On the basis of ASF audits, Ethos estimates that corruption "leakage" over this period amounted to approximately 6% of the total public expenditure managed by CONAGUA. However, this estimate may be on the low side. Mexican researcher Jorge Arriaga, considering the whole national water and sanitation sector (not just CONAGUA), estimates that corruption and other integrity failures account for 21% to 30% of funds directed to the sector (Arriaga 2018).

This is just an estimate of the amount of money lost via corruption. It is less than the net social cost of corruption, (which also considers associated impacts like reduced efficiency as a result of corrupt procurement, ill-health due to poor water and sanitation services, and economic costs due to unreliable water supply to industry).

Again in Mexico, the CSO ControlaTuGobierno analysed 12 audits between 2014 and 2018 of Mexico City's water and sanitation services provider (SACMEX) (Toledo 2020). These audits were carried out by the Supreme Audit of Mexico City (ASCM). Multiple types of irregularity were detected. For example, "payments without authorisation of the Head of Public Works or without documentation that proves the hired services were delivered". As in this example, often these irregularities are not in themselves instances of corrupt practice. But they highlight the types of administrative irregularity that allow corruption to occur, and that need to be monitored in order to detect corrupt practices.

Improving integrity brings significant financial, social and economic benefits

The Mexican experience offers two very important lessons. Firstly, the importance and power of detailed, rigorous and independent audit processes. Secondly, the key value of rigorous and critical CSOs like Ethos and ControlaTuGobierno in analysing and publicising data from audits. Both approaches to combating corruption will be discussed further in Part III.

In Kenya, a recent WIN report in collaboration with CSO KEWASNET indicates corruption allegations in the water, sanitation and hygiene (WASH) sector amounting to approximately KES 1.8 billion (approximately USD 17 million) in 2015/16, rising to a startling KES 14.5 billion (approximately USD 134 million) in 2016/17 (Folscher, et al. 2019). The dramatic increase seen in 2016/17 reflects one particular instance of corruption in Elgeyo Marakwet County, discussed further in Chapter 3.4. Budgeted expenditures (from public and overseas development assistance funds) are indicated as KES 47 billion (approximately USD 433 million) for 2015/16. Corruption losses can therefore be estimated at around 4%, in the same ballpark as the Ethos' 6% estimate for Mexico. Budgeted expenditure is not reported for 2016/17, but certainly this raises the possibility that the 4% estimate is on the low side. It seems likely that the estimates of 4% in Kenya and 6% in Mexico are partial estimates reflecting easily detectable corruption losses, and that the total amount lost may be substantially higher.

The total capital cost of meeting targets 6.1 and 6.2 is estimated to be USD 114 billion per year (Hutton and Varughese 2016). If one assumes that 10% is lost (noting that in some contexts the figure may be much higher), at least USD 11.4 billion could be saved by preventing corruption in capital investments alone. However, universal coverage also involves other substantial finances, such as O&M costs, which grow over time as infrastructure expands, and are estimated to reach USD 128.8 billion in 2029. These costs are equally vulnerable to corruption risks and contribute substantially to the total that could be saved. This brings the total annual savings to USD 24.28 billion in 2029. Finally, it is important to note that these savings refer only to capital and O&M and maintenance costs associated with service extension requirements between 2015 and 2029 to achieve universal coverage. Needless to say, there are billions more finances involved in continuing to provide existing services, maintaining existing infrastructure, and costs associated with the development of water resources – all of which are susceptible to corruption.

As noted, though, diversion of funds is not the only problem. Typically, corruption not only diverts funds, but also leads to poor delivery outcomes. Money Down the Drain, a recent report on corruption in South Africa's water and sanitation sectors point out that "bad public policy decisions, made for the wrong (corrupt) reason, can have significant negative impacts" (WIN, CorruptionWatch 2020).

00.   THESE NEGATIVE IMPACTS INCLUDE

01.   Substandard construction quality (because the bidder offering the best
           kickback was chosen, not the bidder offering the highest quality).

02.   Poor quality infrastructure due to substitution with substandard materials
           in construction.

03.   Substandard staffing (because the job was given on the basis of nepotism,
           not to the best-qualified candidate).

04.   A tendency to favour major infrastructure projects (with rich opportunities
           for corruption) over smaller projects.

05.   Delays in contract delivery and strategic roll-out as corruption allegations
           are processed by the courts.

Corruption also has more harmful but less obvious effects. Again quoting from Money Down the Drain, "Effective management is an obstacle to corruption. So competent and honest officials are often challenged – and threatened and dismissed – if their recommendations and actions do not suit those of their corrupt superiors or indeed of their subordinates." Furthermore, the report highlights that effects of this type may act at the institutional level, not merely at the individual employee level. Efforts to rationalise institutional frameworks and strengthen institutional capacity may be undermined by corrupt political interests, because such institutional change would reduce opportunity for corruption.

In what follows, this report provides examples of types of corruption in the management of public resources, with particular emphasis on how these apply in the urban context. While some of the examples illustrate corruption involving domestic public resources, others focus on the misuse of global public resources, such as official development assistance (ODA) or development finance. Global public resources play an increasingly important role in meeting SDG 6, especially in those settings where domestic resource mobilisation is more difficult due to economic, political, or security challenges. Often, such global resources are channelled through a range of development actors (including NGOs, United Nations agencies, development banks, and bilateral funding agencies). As examples in this report demonstrate, development sector actors are not immune to integrity failures, whether through internal corruption, or in relation to development strategies and processes in countries and cities.

But this is only one side of the coin. Part III of this report outlines the multiple approaches that are being used throughout the world to combat corrupt and unethical management.

3.2 High level resource capture

There are multiple ways in which public officials, often working with private actors, can take public money through fraudulent practices. These include direct embezzlement (for example, a percentage of outgoing payments is secretly skimmed off into a private account), undisclosed beneficial ownership (a public official makes a decision which brings undeserved financial benefit to a company they or a family member own), and procurement corruption (as discussed in more depth in Chapter 3.4). Often corruption drivers will favour large-scale projects with greater opportunities for corruption. This section focuses primarily on high level resource capture: the diversion of large sums by high level actors. But corruption may also involve lower level actors diverting smaller sums, as covered in Chapter 3.3.

The above-mentioned KEWASNET study of corruption in the Kenyan water and sanitation sector classifies amounts diverted (alleged and confirmed) by types of integrity breach (Folscher, et al. 2019). This study does not provide disaggregated data for urban and rural, but is still of value here. Major categories include irregular payment, procurement irregularities, embezzlement/fraud, and mismanagement/misappropriation. Procurement corruption is discussed in more detail in Chapter 3.4.

Table 1: Type and value of integrity breaches in Kenya

Type of integrity breach	Amounts in million USD per financial year (Oct 2020 exchange rate)						Total
	11/12	12/13	13/15	14/16	15/17	16/17	
Ongoing investigation	4.9	1.1	0.2	7.7	15.4	131.2	160.4
Corruption (general)	0	0.9	0	0	0	0	0.9
Irregular payment	0	0	0	0	11.0	11.0	22.1
Procurement irregularities	4.7	0.2	0	1.0	2.1	0.9	8.9
Embezzlement / fraud	0	0	0.2	1.0	1.5	119.3	121.9
Mismanagement / misappropriation	0.2	0	0	5.8	0.7	0	6.7
Completed investigation	0.6	0	0	3.9	1.3	2.0	7.8
Trace of unexplained assets	0	0	0	3.9	0	1.8	5.7
Procurement irregularities	0	0	0	0	0.6	0.3	0.9
Embezzlement / fraud	0.6	0	0	0	0.1	0	0.7
Mismanagement / misappropriation	0	0	0	0	0.5	0	0.5
Grand total	5.4	1.1	0.2	11.6	16.7	133.2	168.2

Source: Folscher, et al. 2019

The extensive documentation of corruption in Mexico by Ethos highlights multiple cases of alleged or confirmed corruption at the municipal level (Bolaños, Toledo and Osorno 2019). Here is one example from San Pedro, a town of about 45,000 people in Coahuila State. Allegations suggest a pervasive network of corrupt activities orchestrated by the Mayor and high ranking members of the municipal authority including the Municipal Treasurer and Director of the Municipal Water Company (Bolaños, Toledo and Osorno 2019, Ponce 2018). According to these allegations, large amounts of public funds were diverted through falsification of construction or maintenance work done. Public funds were claimed for new water pumps when old water pumps were merely repainted; and contracts were awarded to non-existent companies. It is also alleged that the Municipal Water Company revenues were directly appropriated, collected weekly by the Director's brother, and paid in to a private account. These are allegations, not confirmed at the time of writing.

High level accounting fraud is not only seen in low and middle income countries. According to press reports, ongoing investigations of the Department of Water and Power (DWP) in Los Angeles in the USA suggest a complex web of malpractice and possible fraud, (Fordney 2019, Matthew 2019). In 2013 the DWP introduced a new water billing system, and hundreds of thousands of Los Angeles residents received inaccurate or delayed water bills, in some cases massively inflated. A class-action lawsuit followed, and in a settlement in 2017 the City committed to repay a total of USD 67 million in refunds to customers. But it subsequently emerged that two key lawyers in the case had been working for both sides. They were defending the City and, at the same, time representing the class-action plaintiffs. This led to allegations that the City had deliberately engineered this situation to obtain a more favourable settlement. A new lawsuit has since emerged, charging the City with attempting to cover up the collusion underlying the 2017 settlement by conducting a fraudulent ethics review that cost taxpayers USD 176,000 (City News Service 2020, Smith 2021). Ongoing allegations include that the 2017 settlement entailed non-competitive award of contracts to companies associated with one of the lawyers, and there are also allegations of possible crimes including bribery, kickbacks, extortion, mail fraud and money laundering.

The cost of corruption is measured not just in lost money, but in much bigger, multi-year social, economic and environmental costs

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As with many cases of this type, it is difficult to make firm judgements about the extent of possible malpractice while complex legal action proceeds. If the allegations are correct, the malpractice appears to have been uncovered almost by chance. Gross errors in the billing process generated widespread consumer dissatisfaction and associated media attention, as well as legal action. These uncovered the alleged corrupt malpractices. This highlights the importance of community voice and media attention in combating malpractice (see Chapter 11).

While international organisations and donors have been increasingly tightening their corruption control mechanisms such as procurement rules, ODA and development funds continue to be vulnerable to corruption risks involving senior level government employees. Recent investigations by the Integrity Vice Presidency of the World Bank Group found evidence of companies paying bribes to government officials in exchange for receiving contracts in a number of projects, including the Dar es Salaam Water Supply and Sanitation Project (World Bank 2018) in Tanzania and the Provincial and Peri-Urban Water Supply and Sanitation Project (World Bank 2018) in Cambodia.

Finally, corruption (whether high level or low level as discussed in the next section) may in some cases involve non-monetary public resources that translate to monetary gain. A well-known example is that of Nairobi (Kenya), where the water supply in some informal settlements is controlled by "cartels". The public resource being diverted here is not money, but water. This situation was first documented over 10 years ago by Crow and Odaba (Crow and Odaba 2009) and is reported to continue today (see Chapter 5) (Soko Directory 2019). Informal water supply operators obtain water from boreholes, illegal connections to the mains supply or water kiosks, and then sell this water at per-litre prices much higher than the utility's piped water price. These cartels vary greatly in nature. Some are essentially violent gangs; others are secret and illegal arrangements between private operators and utility officials. The extent of involvement of public officials is unclear. Crow and Odaba indicated they could find no evidence of the alleged involvement of high level public employees or elected officials, but there is certainly widespread suspicion of involvement of lower level public employees in supporting or turning a blind eye to illegal connections or unauthorised boreholes, and possibly in manipulating the mains supply in order to ensure that the cartels don't face competition. In situations of this type, the authorities are leaving two integrity gaps. They are not providing water to informal settlements despite a constitutional obligation regarding the human right to water; and they are not regulating or controlling the supply of water by the cartels in terms of cost, quality and reliability. Integrity failings of this type are discussed further in Chapter 5.

3.3 Lower level resource capture

Corrupt diversion of public resources may involve capture of large sums of money by high level actors, but such corruption can also occur at lower levels, involving lower level actors and smaller sums of money. A 2019 investigation of the World Bank's Water Supply Development Project in Vietnam, which focused largely on urban water supply and sanitation, found that a private consulting company had submitted falsified timesheets for local personnel, and other false expense claims (World Bank 2019). The investigation states that "evidence indicates that after Company A signed the Contract, representatives of sub-consultant firms held an internal meeting at Company A's office to discuss false time sheets, the creation of fictitious expenses to cover non-invoiceable costs, and the replacement of personnel".

Bribery in relation to falsified billing may be widespread. A suspected case of this is reported from Lusaka (Zambia). "[A] stakeholder from Lusaka City Council (LCC) highlighted an instance where private solid waste management enterprises had been suspected of bribing officials at a weighbridge. It was claimed that the private operators falsified their books; for example, instead of listing that they had collected 2,000 kg of solid waste, they would only declare 1,200 kg in the report (leading to a reduction in the amount charged to the enterprise for disposal). This was enabled by a faulty weighbridge at the solid waste facility. Solid waste management enterprises could then connive with the officers at the plant who reportedly received a bribe or took a cut of the savings. The officers in question were eventually caught, charged and reported to the Local Government Commission. However, they were ultimately reprieved because of the lack of concrete evidence (due to faulty weighbridge) and eventually only transferred and put under observation. Overall, this instance resulted in a considerable loss of revenue for LCC. (Twyman and Simbeye 2021).

This particular example relates to solid waste (garbage), but closely similar opportunities for corruption clearly also exist in the faecal sludge management sector, where one may envisage a risk of under-reporting to ensure a lower dumping fee, or over-reporting in order to (falsely) demonstrate that a contracted operator is meeting its targets.

Fraudulent taking of small sums of money by individuals is also probably frequent. Expense claims may be inflated, or include non-work related expenditures; public officials may demand small "per diem" payments to attend a meeting, even though that meeting is during their paid working hours (though in some contexts this is viewed as acceptable normal practice). These are small amounts individually, but can add up to large amounts in total (BOX 1).

BOX 1

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Abusive per diem claims

Source: Twyman and Simbeye 2021

The manipulation of per diems by governmental and non-governmental personnel appears to be very common and collectively has a substantial impact. The extent of this issue was highlighted by the vast majority of non-governmental organisations (NGOs) consulted, including international financial institutions (IFIs), bi-lateral institutions, international NGOs (INGOs) and local NGOs. Even some of the government organisations agreed this was highly problematic.

The manipulation of per diems is conducted in several ways. One large INGO said that at a five-day workshop in 2019 many participants demanded to be paid for all five days of the workshop despite only showing up for one day. At the same workshop, individuals would simply arrive, sign the register and disappear after claiming the transport re-fund and payment. When challenged on their behaviour, these individuals reportedly defended themselves by saying this was a common practice in government and some large international organisations. An estimated 20% of the workshop's participants (individuals from government departments and international and local NGOs) engaged in such behaviour.

Abuse of per diems is also found in the double claiming of per diems and transport allowances, with individuals claiming per diems and transport allowances from both ministries and the IFI, bi-lateral institution or NGO in question. Similarly, many individuals receive per diems when they have not attended events and are not even on the participant's list, and participant lists are reportedly falsified by friends or members of the same organisation to enable per diems to be claimed. Moreover, some organisations are legally constrained in the per diems and travel allowances they can pay, and some individuals will refuse to participate at certain workshops where the per diem and travel allowance is lower than what is paid by other (often larger) organisations. Finally, individuals also purposefully attend workshops just outside of Lusaka to claim the additional per diem and travel allowances permitted for this.

Low level corruption may of course occur at the community level. In Monrovia (capital of Liberia), it is widely accepted that local leaders in informal settlements capture revenues from publicly funded water kiosks, in the absence of rigorous accounting processes. Evidently, such corrupt practice can be combated by introducing simple accounting and oversight mechanisms. But, equally evidently, attempts to introduce such mechanisms may encounter strong resistance. So efforts to combat corruption of this type will need to work to overcome resistance.

Often, low level corruption of this type may be tied to systems of local political patronage, as further discussed in Chapter 5. In Kumasi (Ghana), public toilet revenues are assigned to politically favoured Municipal Assembly members partially in lieu of salary, generating clear integrity risks. This situation was extensively documented by Ayee & Crook in their paper titled Toilet Wars (Ayee and Crook 2003). As at 2019, anonymous local respondents contacted in the preparation of this report confirm that control of public toilets by elected officials remains widespread. Caplan states that "In fact, the Guidelines for the Provision, Operation and Maintenance of Public Toilets issued by the Ministry of Local Government and Rural Development categorically state that 'due to widespread abuse in the past, the practice of Assembly Members managing public toilets is not permitted.' Assembly men are also debarred from 'being involved in firms bidding for toilets within their own constituency.' In practice though, most Assembly Members continue to run at least one public toilet facility in their jurisdiction." (Caplan 2010).

Another example of resource capture can be found in the redirection of subsidies for water and sanitation to those who wield influence instead of to those the subsidies are intended to serve. In many cases, stakeholders with more political support absorb a high share of the benefits from subsidies aimed at serving the poor. These include "industrial, agricultural, and commercial consumers, and middle and upper income households who disproportionally benefit from access and low tariffs, as well as utility owners and employees, who may capture part of the government transfers themselves." (Andres, et al. 2019).

Dealing with lower level resource capture lowers costs and prioritises the needs of the poor

Numerous examples of subsidy capture have been found, such as in Tanzania, where the World Bank discovered that poor, rural residents received on average just one-fifth of the water subsidies received by rich, urban residents. More broadly, it was found that 41% of all subsidies in the country were received by the richest 20% of households. Bangalore (India) and Kathmandu (Nepal) showed similar trends, with the wealthiest 10% of households receiving more than double the water subsidies received by the poorest 10% (Sohail and Cavill 2007). In addition to perpetuating and aggravating existing inequalities, subsidy capture has also been found to decrease the adequacy and efficiency of services and to inflate costs (Andres, et al. 2019).

PH: RANAIVOSOA TOLOJANAHARY, ANTANANARIVO, MADAGASCAR (~2020)

3.4 The particular case of procurement corruption

Contracts – for infrastructure, goods, or services – should be awarded to the bidder who offers the best combination of quality and price, and who can be trusted to deliver to a high standard and on time. Public procurement processes should ensure that the best bidder is selected. But corrupt procurement can mean that a contract is awarded not to the best bidder, but to the bidder who offers the best kickback. Or the contract may go to a company owned by (or associated with) someone who has influence over the procurement process.

This happens worldwide in many sectors, and there is much evidence of it in the urban water and sanitation sectors. Often this corruption is hidden from public view. But sometimes journalists or financial investigators are able to uncover clear evidence.

A recent analysis of procurement corruption in the water and sanitation sectors in Latin America and the Caribbean region commissioned by the Inter-American Development Bank (Adam, et al. 2020). Table 2 below shows the estimated impacts of anti-corruption measures on different outcomes.

For example, "conservative" anti-corruption measures could be expected to reduce unit prices within public contracts from between 0.8 and 1.3%, while "aggressive" measures could reduce unit prices by up to 16.4%. There are also strong potential impacts on likelihood of delivery delay and tender cancellation.

Delays in completion of water and sanitation projects can be extremely costly. A case study on the sanitation sector in Lusaka documents that many public sanitation facilities that were meant to be finished by 2018 have been delayed due to integrity issues in procurement processes. Had these facilities been constructed in a timely fashion, they may have alleviated some of the public health impacts during times of cholera outbreaks and the ongoing COVID-19 pandemic (Twyman and Simbeye 2021).

Respondents contacted in the preparation of this report in Thailand indicate that wastewater treatment plants present an easy opportunity for government officials to make money from bribes (Marks 2020). In major construction projects, including wastewater treatment plants, "it is well-known that the central government takes 12%, the provincial government takes 7%, the middle level takes 5% and the lowest level takes a 3% commission. So in total 25% already of the costs are lost to fraud". Another Thai respondent indicated that "There is a lot corruption in the procurement process. For example, a construction company might charge THB 40 million (approximately USD 1.3 million) for the plant, but really they spend THB 30 million (approximately USD 956 000) on its construction." Contractors often overcharge for construction materials, and often substitute materials of poor quality (see the Osaka City Council (Japan) case BOX 2). Corruption has been conclusively proven in the courts in only one case, the Khlong Dan wastewater treatment plant (BOX 2), where the central issue was land fraud; though there appears to be evidence that the award of the primary construction contract was corrupt.

Table 2: Estimated impact of anti-corruption measures in procurement

Corruption impact	Corruption risk change scenario	Impact range (relative improvement)
Prices: unit prices	Conservative	0.8-1.3%
Prices: unit prices	Aggressive	1.1-16.4%
Prices: relative prices	Conservative	1-1.9% (1.5%)
Prices: relative prices	Aggressive	2.5-7.3% (4.9%)
Delivery delay	Conservative	6.1%
Delivery delay	Aggressive	19.2%
Corruption impact	Corruption risk change scenario	Impact range (relative improvement)
Tender cancellation	Conservative	1.1%
Tender cancellation	Aggressive	9.8%

Source: Adam, et al. 2019

PH: WALLACE MAWIRE, UNREPAIRED, HARARE, ZIMBABWE

BOX 2

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The Khlong Dan wastewater treatment project (Thailand)

Source: Marks 2020

Khlong Dan was a projected urban wastewater treatment plant designed to serve a western part of the Bangkok conurbation in Samut Prakarn province. It was a massive investment, intended to treat the wastewater of 1.2 million people and about 4,000 factories. The project was initiated in 1995, with loan funding from the Asian Development Bank, but it was halted in 2003 in the light of corruption charges, at immense cost to the public purse (over USD 700 million). The Supreme Administrative Court found widespread fraud in the land acquisitions for the project. Thai law enforcement authorities found that Pollution Control Department (PDC) officials, executives of the consortium to whom the construction contract was awarded (NVPSKG), and the owners of land required for construction had conspired to inflate the purchase price of land parcels by as much as 1,000%. Multiple other irregularities arose. For example, corrupt land officials issued duplicate land rights documents for plots owned by villagers who refused to sell.

In June 2007 Thailand's National Counter Corruption Committee (NCCC) concluded that nine government officials had been involved in illegal land acquisition and forwarded the case to the Supreme Court's Criminal Division for Holders of Political Positions. The Supreme Court later ruled that the head of the NVPSKG consortium, a former Deputy Interior Minister, was guilty of bribing officials to obtain illegal land titles. He was sentenced to 10 years in jail. However, he fled the country before he was convicted. The lengthy investigation also led to 20-year jail sentences for three former PCD officials.

As a result of this massive fraud, the plant was never built, so that most of the domestic and industrial wastewater which the plant was envisaged to treat is currently discharged untreated. Furthermore, the Thai state lost an estimated THB 23 billion (approximately USD 740 million). More positively, it led to criminal convictions of state officials, including a former minister. Fight-back by small landowners was a major factor in revealing this corruption and bringing it to justice. This case suggests that Thai civil society can successfully expose corrupt projects and stop them from proceeding. Conversely, this case leads to questions as to why only the Khlong Dan case has been successfully challenged in the courts when there is a strong perception of widespread corruption in the construction of other wastewater treatment plants in Thailand?

Procurement corruption typically involves secret conversations which rarely come to light. Sometimes, however, activists or journalists are able to obtain clear evidence. In Chennai (India) a representative of a local NGO, Arappor Iyakkam, made a secret video recording of corrupt procurement by the Chennai Metropolitan Water Supply and Sewerage Board (CMWSSB), part of the Chennai Municipal Corporation. This was in the context of procurement with a total value of about USD 6.5 million (split into 74 parcels), for construction and rehabilitation of sewerage pumping stations. The Arappor Iyakkam representative, posing as a bidder, tried to submit a bid to the Superintendent Engineer's office, as indicated in the procurement documentation. He was prevented from entering the office by a group of men at the door, who instructed him that if he wanted to submit a bid he would first need to "talk to some people" in a nearby hotel. Voices in the video are heard saying "This is all going through the Minister", and that the Minister's PA was among the people waiting in the hotel (Gautham 2019, The Hindu 2019, Thirumurthy 2019, TNN 2020).

Following publication of the video and associated allegations, CMWSSB cancelled the procurement process. As of February 2021 there has been no action on the matter. However, in 2019 the Central Cyber Crime Cell of the Chennai Metropolitan Police opened a case against Arappor Iyakkam in relation to second video recording documenting a different instance of alleged procurement fraud in Chennai Municipal Corporation (The Hindu 2019). This appears to be a case of harassment of the whistle-blower to silence them, rather than taking action against the corrupt individuals.

Procurement corruption is sometimes formally detected and documented by development funding agencies[1]. As further discussed in Chapter 10.2, the major development banks have rigorous processes in place for ensuring competitive procurement, and for detecting corrupt procurement. In 2019, the World Bank announced the one-year debarment of the Vietnam Water and Environment Investment Corporation (VIWASEEN), a state-owned water and sewerage company, in connection with fraud under the World Bank-financed Vietnam Urban Water Supply and Wastewater Project (World Bank 2019). This project was designed to increase access to sustainable water and environmental sanitation in urban areas. VIWASEEN submitted bids to win contracts under the project and later transferred the entire works to its affiliates, without informing or obtaining the proper approvals from the relevant procurement agencies. This is classified as fraudulent practice under World Bank procurement guidelines. The public statement does not comment on the underlying motivations for these contract transfers, so it is unclear whether they were associated with kickbacks, beneficial ownership or other mechanisms for financial gain.

In the most extreme cases, procurement corruption may divert huge sums of money, and result in ongoing costs through increased maintenance costs, as well as social, economic and environmental costs. In Table 1 (Chapter 3.2) that documents suspected and confirmed integrity breaches in Kenya, one very large amount (of KSH 13 billion [USD 120 million]) relates to allegations of high level kickbacks in the procurement of two planned dams in Elgeyo Marakwet County. This is essentially a rural case because these dams were designed for power production and irrigation, and not for urban water supply, but it is indicative of the potential for large-scale corruption in major infrastructure projects. As at July 2020, the Treasury Secretary was facing multiple charges including fraud,

[1] Bolanos, Toledo and Osorno 2019; WIN and Corruption Watch, 2020.

abuse of office and receiving bribes, alongside other public officials and executives of the Italian engineering company Di Ravenna to whom the contract was awarded (Nyachama 2019, Omondi 2019). This case highlights the risks of massive diversion of funds in major infrastructure projects, most notably in contexts with systemic high level corruption risks (see also the Thailand case, BOX 2). In this case, the alleged malpractice was not secret, and involved multiple public officials.

In December the 2019 Osaka City Council (Japan) announced that a massive 70% of 1,445 construction projects ordered by the municipal Waterworks Bureau since 2012 had fraudulently used materials cheaper than contractually specified (Yoshikawa and Nitta 2019). More than 300 companies accepted this allegation. Specifically, contractors had systematically been using a cheaper than specified material for backfilling after excavation (for example, when laying water pipes). A respondent in the City's inquiry testified that the practice has been "rampant for the last 20 years". Osaka City Council is currently investigating the potential involvement of public officials. The Mayor is quoted as saying "Did the staff [of Osaka City Waterworks Bureau] really not know this was going on?"

Procurement corruption and high level accounting fraud may in some circumstances be enabled by international lenders, as a means to gain access to markets. In particular, Chinese lending to Africa has been criticised for creating a "debt trap", with lack of transparency in loan processes that potentially create opportunities for corruption. This is a complex controversy, detailed discussion of which lies outside the scope of this report. See for example Charlton who gives one viewpoint (Charlton 2019). However, a recent analysis has suggested that corruption is indeed more frequent in the context of Chinese infrastructure investments (Isaksson and Kotsadam 2018). Furthermore, this is directly relevant to urban water and sanitation. For example, a significant Chinese loan to support upgrading of the water and sewerage network in Harare (Zimbabwe) has faced multiple issues, including allegations of irregularities in procurement (Manayiti 2018, Matenga 2020).

While this section has focused on the way in which procurement is carried out, it's always important to take a step back and analyse whether integrity is assured in the planning and designs which leads to procurement, especially in large infrastructure projects. A U4 Anti-Corruption Resource Centre (U4) report points out that over-design can be a strategy to increase consultants' fees and other fees based on percentage of the total cost. Consulting engineers may also be bribed or pressured to design a project to favour a specific contractor's technology (Wells 2015).

Procurement corruption may divert huge sums of money and have long term financial, social and economic costs

3.5 Patronage, nepotism and corruption in human resource management

Patronage and nepotism is the employment of public officials not on the basis of their suitability for the role, but because they are family, friends, political allies or otherwise beneficially associated with the recruitment decision maker. Evidence suggests that patronage in employment means that staff will tend to be less effective in their work because they are less skilled, less qualified and possibly less motivated than staff recruited through genuine competitive processes. It is difficult or impossible to quantitatively assess the impact of nepotism on urban water and sanitation services. But almost certainly, the impact is real and significant.

Open and fair recruitment processes result in more highly skilled, qualified and motivated staff

An example of nepotism is reported from Mexico (Bolaños, Toledo and Osorno 2019). In 2017 the Michoacán State Congress found that the Director of Water Supply and Sewerage in the Municipality of Jacona was a relative of the Mayor, and judged this to constitute a misuse of public authority. More widely, there is evidence from around the world of politically influenced recruitment of personal friends and "cronies" in utility companies (Sohail and Cavill 2007) and on the boards of utilities and other state-owned enterprises. There is some evidence that a Tanzanian water utility preferentially recruited associates of political figures. (Karia, et al. 2016) Similarly, several Asian water utilities have been found to favour cronies and overstaff (Tortajada 2006). This poses a number of challenges to equitable and effective water delivery. Firstly, any selection method that is not based on merit can be harmful for the effective running of an organisation. If utilities do not attract the most qualified but rather the most connected staff, this raises questions of both their capabilities as well as their commitment to pro-poor public service dalivery. Secondly, the instalment of cronies often results in overstaffing which can lead to low productivity and a waste of public resources (SA Commercial Prop News 2013). Especially at the level of senior management and boards of directors, patronage often goes hand in hand with interference in decision-making, unmanaged conflicts of interest (OEDC 2018), exaggerated board expenditure and other severe governance challenges (OECD 2015).

In Vietnam, an investigation of the Water Supply Development Project (Vietnam) reports that "Evidence indicates that Company A hired a sub-consultant knowing that the firm had a close relationship with a World Bank staff member who was part of the Project's task team. Evidence indicates that, while Company A hired the sub-consultant prior to submitting its proposal for the contract, it did not disclose the firm's conflict of interest, contrary to tender requirements" (World Bank 2019).

Hiring family members or friends has historically been a common practice around the world. It may still be seen as acceptable in some contexts, particularly if laws banning this practice have not been widely disseminated and enforced. A manager may feel justified in hiring someone they judge to be capable and loyal, avoiding the time and uncertainty of an open recruitment process. Nevertheless, preferential employment of family and friends is clearly a negative practice. Competitive open recruitment with defined criteria and qualifications will lead to better urban water and sanitation services.

In terms of the issue of bribery in return for public employment, a respondent contacted in the preparation of this report, and with experience of urban contexts in Bangladesh, indicated that it is common practice for bribes to be paid in order to obtain a public position, on the unwritten understanding that the amount of the bribes will be recouped by the employee through corrupt practices enabled by their position. Such a system perpetuates a vicious cycle of inefficiency and corruption.

In some contexts, sexual favours may be demanded in return for a public post or promotion, or a license to operate as a vendor. This may range from situations in which the "bribe payer" is actively complicit in the arrangement, to situations of extreme harassment or indeed rape. One respondent from Zambia reported that "It's one of those things we have heard. Especially the one giving the favour, that's when you hear. It does occur in a few cases. It usually emerges in the event that the victim is no longer on good terms with whoever provided the promotion or job. When the relationship is not going well, that's when you hear, or through their friends, because they are aware how their friend got the job." See Chapter 4.5 for a discussion on "sextortion".

3.6 Hiding the truth

Lack of transparency is an integrity failure in its own right. People are entitled to know how their government is spending their money, and to have access to accurate information about basic services provision. Lack of transparency may be used deliberately to hide corrupt or unethical behaviour.

A striking case of transparency failure was seen in the 2014 Flint water crisis in the US. Bad management decisions led to high levels of lead in drinking water, with likely severe impacts on the health of children throughout Flint (a city of about 500,000 people near Detroit).

Over a period of years the City of Flint had fallen into a state of financial emergency, leading in 2011 to the appointment by the State Governor of an Emergency Manager to oversee the City's management, with authority over-riding the elected Mayor. As one element of expenditure reduction measures, the decision was taken to switch water supplier from Detroit Water and

Sewerage Department to the Karegnondi Water Authority, via a pipeline from Lake Huron. While the pipeline was being built, the decision was taken to source water from the Flint River, starting in April 2014, with the aim of saving a projected USD 5 million. However, the water from the Flint River was more acidic, and was not treated with a corrosion inhibitor. This led to leaching of lead from existing mains-to-home service lines. As a result about 100,000 residents were exposed to extremely high levels of lead. The City switched back to the Detroit water system in October 2015.

It remains unclear whether this crisis arose because of corruption and/or deliberate negligence, or simply as a result of poor judgement and inadequate technical consultation (Varghese 2016, Mehta, Oweis, et al. 2019, Egan 2018). Either way, the public health impact was likely compounded by deliberate institutional efforts to cover up the severity of the problem. The Flint Water Advisory Task Force concluded that "Throughout 2015, as the public raised concerns and as independent studies and testing were conducted and brought to the attention of Michigan Department of Environmental Quality (MDEQ), the agency's response was often one of aggressive dismissal, belittlement, and attempts to discredit these efforts and the individuals involved. The writers find both the tone and substance of many MDEQ public statements to be completely unacceptable." The current Mayor of Flint has suggested that race was a factor in this slow and misleading response, in reference to the fact that the population of Flint is 65% African American, Latino and/or mixed race (Buncombe 2018).

The crisis has led to legislative change at both federal and state level, centrally focused on enforcing the responsibility of public agencies to inform the public about water quality issues. The federal Improved Compliance Awareness Act amends the existing Safe Drinking Water Act to require public water suppliers to immediately inform all customers if lead levels exceed the maximum permissible level in more than 10% of tap water samples. At the municipal level, it is not clear whether there have been major structural changes favouring transparency and accountability since the crisis, though certainly there has been a major federally funded programme to replace lead pipes and, in 2019, a new Ombudsperson was appointed, filling the gap left after the previous Ombudsperson was removed from office by the City's Emergency Manager in 2011 on cost-cutting grounds.

Lack of transparency around water quality has also been clearly documented in Dhaka (Bangladesh). A 2019 report on Dhaka's water utility DWASA by Transparency International Bangladesh (TIB), found evidence of multiple integrity concerns, and also reported water quality sampling indicating widespread microbiological contamination of DWASA's water as supplied to the consumer (Rahman and Islam 2019). The report also presented evidence that many Dhaka residents boiled water before use because they lacked confidence in the water quality. DWASA's MD rejected the criticism. He said, "The water we supply is 100% drinkable. It is not a professional research report. We maintain the WHO's standards for water in our pipeline." Citing DWASA's own survey of 234 samples over a one-year period, the MD claimed that "no faecal coliform bacteria was found in the water" (The Independent 2019). This, despite the TIB report and diverse academic studies clearly indicating widespread microbiological contamination of DWASA's water supply (Mahbub, et al. 2011, Kumpel and Nelson 2014, Crider, et al.

People have a right to know how their government is spending their money, and to have access to information about service provision

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2018). This is a striking example of lack of transparency, gross misinformation and denial of accountability. In 2020, DWASA's MD was reappointed (after five consecutive terms since 2009), and TIB has called for an independent inquiry into this reappointment (Dhaka Tribune 2020).

From a different perspective, data may be manipulated or processed in such a way as to give a misleadingly positive presentation of a service delivery. In India, for example, the Swachh Bharat Mission (Clean India Mission) seems to have led to an exponential rise in toilet construction (in both urban and rural areas), and it has been praised globally for its efforts. The Indian government claims that the programme has installed more than 100 million toilets in five years, taking toilet access from 40% to 100% (Merelli 2019). But critics have questioned these numbers and the effectiveness of the programme (Yadavar 2019). This is because most of the emphasis has been on toilet construction and toilet counting, and there remains a major gap between government claims and people's reality of universal sanitation services. Research and evidence highlight that Swachh Bharat has systematically ignored issues of sustainability and equity, as well as the challenges of faecal sludge management and black water pollution (Cullet, Koonan and Bhullar 2019). It has also not systematically dealt with caste and gender inequities associated with sanitation, and has largely ignored the inhumane treatment of sanitation workers and manual scavengers, who are often women from disadvantaged castes (Yadavar 2019).

3.7 Corruption and the private sector

As already indicated, public resources are corruptly diverted not only by public actors, but also by private actors who are part of, or drive, the corruption. Private sector actors play various roles in the water and sanitation sectors, from suppliers to operators to donors. Their presence is more prominent in the urban space than in rural areas. In some cases, public resources are corruptly captured with no direct involvement of public actors. In other cases, public officials may be complicit and also benefit. And of course, even if the corruption only involves private actors, public actors still have moral responsibility to prevent this type of practice to ensure that the taxpayer's money is spent fairly and efficiently.

Bid rigging is a major problem, and may include any of the following:

BID SUPPRESSION	One or more competitors agree with Bidder X to refrain from bidding, or agree to withdraw a previously submitted bid, so that Bidder X's bid will be accepted. Competitors may agree to rotate in such schemes ("bid rotation"), or to divide markets ("In Region A, you submit a real bid, we'll submit a token bid; in Region B, we can do it the other way round").
COMPLEMENTARY BIDDING	Complementary bidding occurs when competitors submit token bids that are too high to be accepted. Such bids are not intended to secure the buyer's acceptance, but are designed to give the appearance of genuine bidding. Again, competitors may agree to rotate or divide markets.
PHANTOM BIDDING	Dummy companies are created to submit a variety of bids on a single contract. This gives the appearance of competition, when in fact it's a single company fraudulently represented as several.
PRICE FIXING	Bidders may collude to raise prices and margins. In other words, they may agree to submit bids with prices above market rates (typically in association with bid rotation or market division).

In 2013 South Africa's Competition Commission fined 15 construction companies a total of around USD 90 million for collusive tendering practices in various types of contracts (SA Commercial Prop News 2013). Collusive practices detected included price fixing and market division. Another example comes from the UK, where four suppliers of water tanks were found to have colluded to divide markets and inflate prices (Competition and Markets Authority 2018).

Bid rigging schemes of the above type may involve private actors only, or public officials may collude in facilitating the bid rigging. One example of public-private collusion in bid rigging is sharing tender information before public release, or sharing information not made public. A case study in Zambia indicates that the pre-sharing of engineers' cost estimates with favoured bidders is a widespread practice: see BOX 3.

BOX 3

81

Pre-sharing of cost estimates (Zambia)

Source: Twyman and Simbeye 2021

An international organisation alleged that Contractor A, with contacts with many senior members of a certain ministry, submitted a bid for a project that was extremely close to the engineers' cost estimate. Several other contractors came in with lower cost bids and had the necessary capacity and experience for the project. When discussions were held with members of the Ministry on who should receive the contract, they argued that Contactor A, who they were known to be friends with, should receive the contract. They warned the other bids were not reliable because of their low price. Ultimately, the project did not go to the contact of the members of the Ministry after a reference was made to the rules stipulated in the initial tender document, which specified that if multiple firms had the requisite experience and capacity, then the contract should be awarded to the firm with the cheapest offer.

Additionally, an international NGO acknowledged that it had previously faced substantial issues with engineers' estimates being released to contractors, and had implemented several mechanisms to prevent this happening again. In one instance, the NGO put out a tender for about 50 public sanitation facilities, and had to disqualify multiple contractors whose quotes were suspiciously close to the engineers' estimate. One was within USD 0.01 of the estimate.

Finally, there are widespread practices of private sector bribes paid to public sector officials to avoid legal consequences. In Mexico, for example, private sector bribery practices have been extensively documented. A reportedly common practice is for publicly employed water quality inspectors to dilute effluent samples prior to testing, so that the test result falls under the legally permitted threshold. In return, the inspector receives 20% of the value of the fine that has been avoided (Bolaños, Toledo and Osorno 2019). Similar situations have been reported from Bangladesh (University of Waterloo 2020, Haque and ENRAC 2017), and almost certainly these practices are widespread.

This is not strictly speaking a diversion of public financial resources (the central focus of this chapter). Rather, the corruption leads to damage or destruction of a non-monetary public good, in these cases environmental quality and potentially public health. For example, untreated effluents in Bangladesh have contaminated river water used to irrigate paddies and fields with heavy metals, putting agricultural production at risk (Sakamoto, et al. 2019).

Local fruit and vegetables were found to carry traces of these toxins, posing serious health risks to those who consume this food or live along these rivers, as reflected in Hazaribagh, where residents were found to have a 16% higher incidence of illness compared to the average in the region. More specifically, toxic metals in the water were found to increases the risk of skin disease, diarrhoea, food poisoning, gastrointestinal problems and respiratory problems. The distribution of contaminated fruits and vegetables could spread these toxins to other communities as well.

PH: BAWIN, WASTEWATER FROM GARMENT INDUSTRY, NOT TREATED TO STANDARD, BANGLADESH

Public actors have a responsibility to act to ensure that taxpayers' money is spent wisely; private actors have a responsibility to act in accordance with the law and with integrity

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Bribes between the private sector and public officials are also exchanged to enable or cover up the illicit abstraction of water resources. These corrupt practices can lead to severe depletion of water resources. The residents of the City of Basra (Iraq), who protested over a water crisis in 2018, believe that private agriculture and other businesses paid bribes to local authorities to illegally extract freshwater, and pollute the Shatt al-Arab river, leading to water shortages and a public health crisis (Human Rights Watch 2019). In Mexico's Metropolitan Area of Zacatecas and Guadalupe (MAZG), alleged corruption in the interactions between private firms and public officials was found to involve water concessions for extracting large volumes of water where it is illegal to do so, tolerance by public officials of partial transfers of concessions that cover up higher extraction rates, lack of follow through in enforcement of metering requirements, and the falsification and manipulation of water data to get around drilling bans (Tetreault and McCulligh 2018). The case of the Cedros aquifer is a shocking example of data manipulation, allegedly facilitated by corruption. The official numbers indicating the natural recharge of the Cedros aquifer were multiplied by 435% shortly before the installation of a massive open-pit mine by the Canadian-based Goldcorp (Garibay, et al. 2014).

All in all, corruption involving private sector actors can have significant negative costs and impacts on urban water and sanitation services, and those who rely on these services. As illustrated in the examples above, these include inflated project costs through collusive behaviour by private sector actors, deteriorated water quality due to industrial water pollution facilitated by corruption, and reduced availability of water resources for local consumption due to over-exploitation of aquifers by industry.

PH: MAKSUDUL SHADAT AKASH

Corruption at the individual-institution interface

In Chapter 4 the focus is on corruption at the community level. It is often referred to as "petty corruption". It is when a resident pays a bribe to gain some benefit (for example, to get a water connection) or to avoid some penalty (for example, paying a fine because a person's septic tank discharges to the street), or a bribe is extorted by a public official. In any instance of bribery there are at least two actors: the bribe payer(s) and the bribe taker(s). Situations may range from extreme extortion (for example, when a public official demands financial or sexual payment in return for water or sanitation access) to full complicity (when the resident is happy to pay the bribe in order to obtain benefit). Typically, the bribe taker is a public official (an employee of the municipal water and sanitation company or an environmental health officer) or an employee of a private company. As with other types of corruption, the effects can be harmful and long lasting. For example, if everyone pays a bribe to avoid being fined for unhygienic septic tank discharge, then all septic tanks will remain unhygienic and continue to cause disease.

4.1 Introduction

Bribery at the individual-institution interface is a bribe paid from a private resident to a public official in order to gain some benefit (for example, to reduce a water bill, or to get a water connection) or to avoid some penalty (for example, paying a fine because a person's septic tank discharges to the street). Often referred to as "petty corruption", such bribery "typically involves small payments made to secure or expedite the performance of routine, legal, or necessary action such as getting a water connection or having a repair attended to expeditiously" (Gonzalez de Asis, et al. 2009). This chapter focuses on household-level bribery. Higher level bribery, for example, when a private company pays a bribe to avoid being fined for industrial waste discharge, is covered in Chapter 3.6. In some cases, the bribery may occur between a private resident and a private sector actor. For example, in situations in which a private company is contracted to deliver public water and sanitation services.

Butterworth and de la Harpe note that this type of corruption is seen primarily in "developing countries with weak governance systems" (Butterworth and De La Harpe 2009). In countries with systemic corruption at all levels, petty corruption can be considered a symptom of the wider disease. This does not mean that richer countries are free of corruption; merely that corruption in richer countries tends to be at higher levels, as discussed in Chapter 3. Richer countries typically have mechanisms in place (such as tightly controlled billing systems) that make petty corruption more difficult.

How frequent is petty corruption? Jenna Davis gives a detailed overview of petty corruption in water and sanitation in India and Pakistan (Davis 2004). She does not disaggregate urban from rural, but most of her data is from urban locations.

She found that 41% of water customers reported that they had bribed a utility official to falsify a meter reading in order to reduce the bill, while 73% of utility staff she engaged with reported that this happens "about half the time", "very commonly" or "virtually every time". The median reported bribe amount was USD 0.45. But clearly, if this happens often, the total amount changing hands is large.

People living in urban areas are more likely to pay bribes to public officials than those in rural areas

Davis also notes bribery to expedite attention to repair work, or to expedite applications for new connections. In these cases, the payment is often described as "speed money". In many countries such payments are viewed as normal and even acceptable. Social perceptions of bribery, and ethical distinctions between different types of informal payment, are discussed further in Chapter 4.6.

Petty corruption in urban water and sanitation is pervasive and frequent in South Asia, but is also commonly seen in other low and middle income contexts including Latin America, East Asia, sub-Saharan Africa, and the Middle East and North Africa. The 2020 Afrobarometer survey, which reports 2016–2018 data across 34 African countries, asked respondents to their survey whether they had tried to obtain utility services (water, sanitation or electricity) over the past year (Howard and Kangwook 2020). Those who responded "yes" (likely to be largely urban respondents) were then asked whether they had paid any sort of bribe. On average across the 34 countries, 20% of respondents said "yes". The proportion varied from as low as 3% in Mauritius to as high as 48% in Liberia: see Figure 6 below.
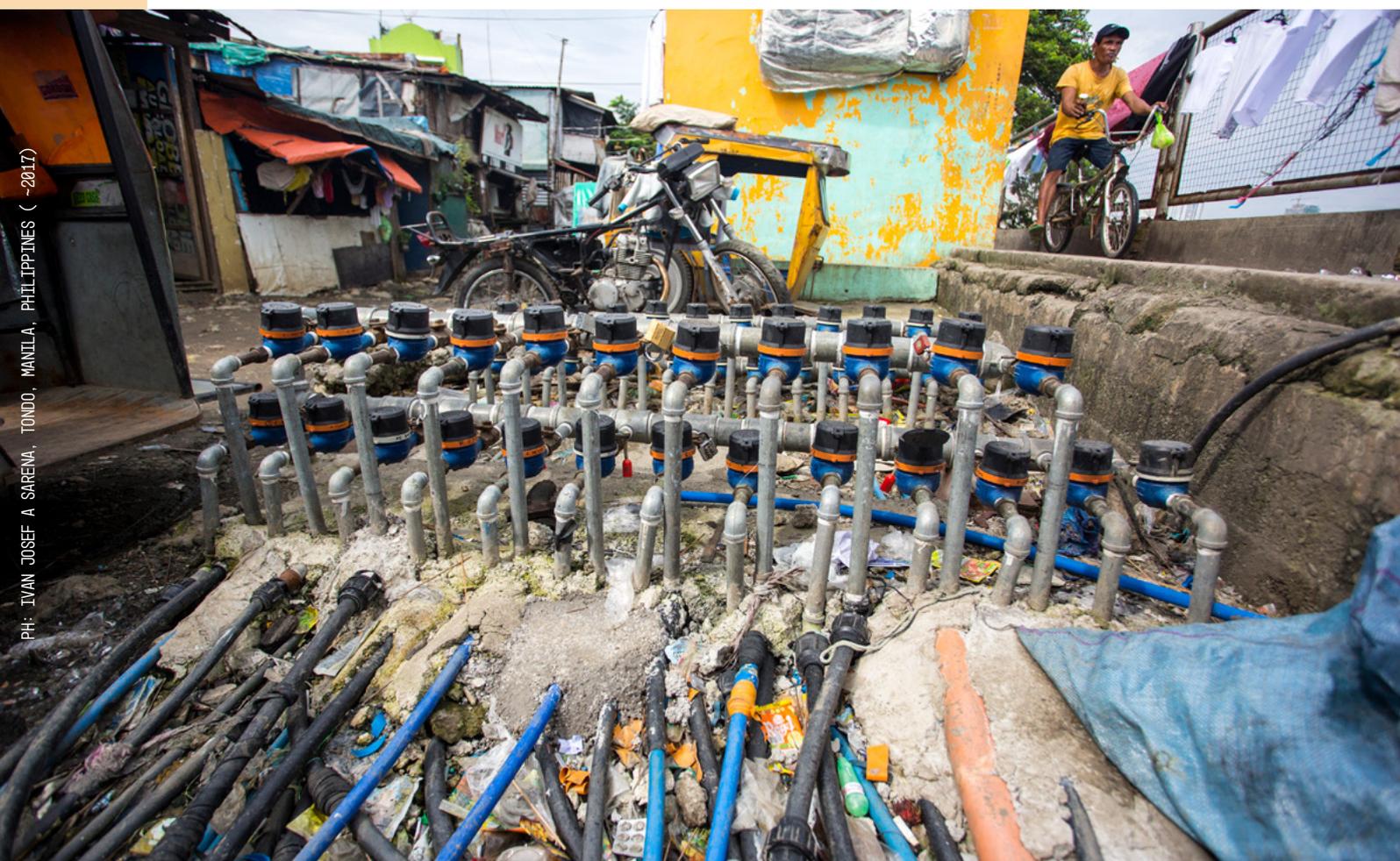
Figure 6: Bribes paid to obtain water, sanitation or electricity services in 2019

Country	Value
Liberia	48
Cameroon	39
Gabon	35
Kenya	35
Nigeria	34
Guinea	33
Sierra Leone	33
Togo	33
Mozambique	32
Uganda	24
Ghana	23
Benin	23
Sudan	21
Côte d'Ivoire	20
34-country average	20
Zimbabwe	17
Zambia	16
Madagascar	14
Niger	14
Gambia	13
Morocco	13
São Tomé and Principe	13
Mali	12
Burkina Faso	12
Senegal	10
South Africa	10
Tunisia	10
Malawi	9
Tanzania	8
Cabo Verde	8
Namibia	8
eSwatini	7
Lesotho	6
Botswana	4
Mauritius	3
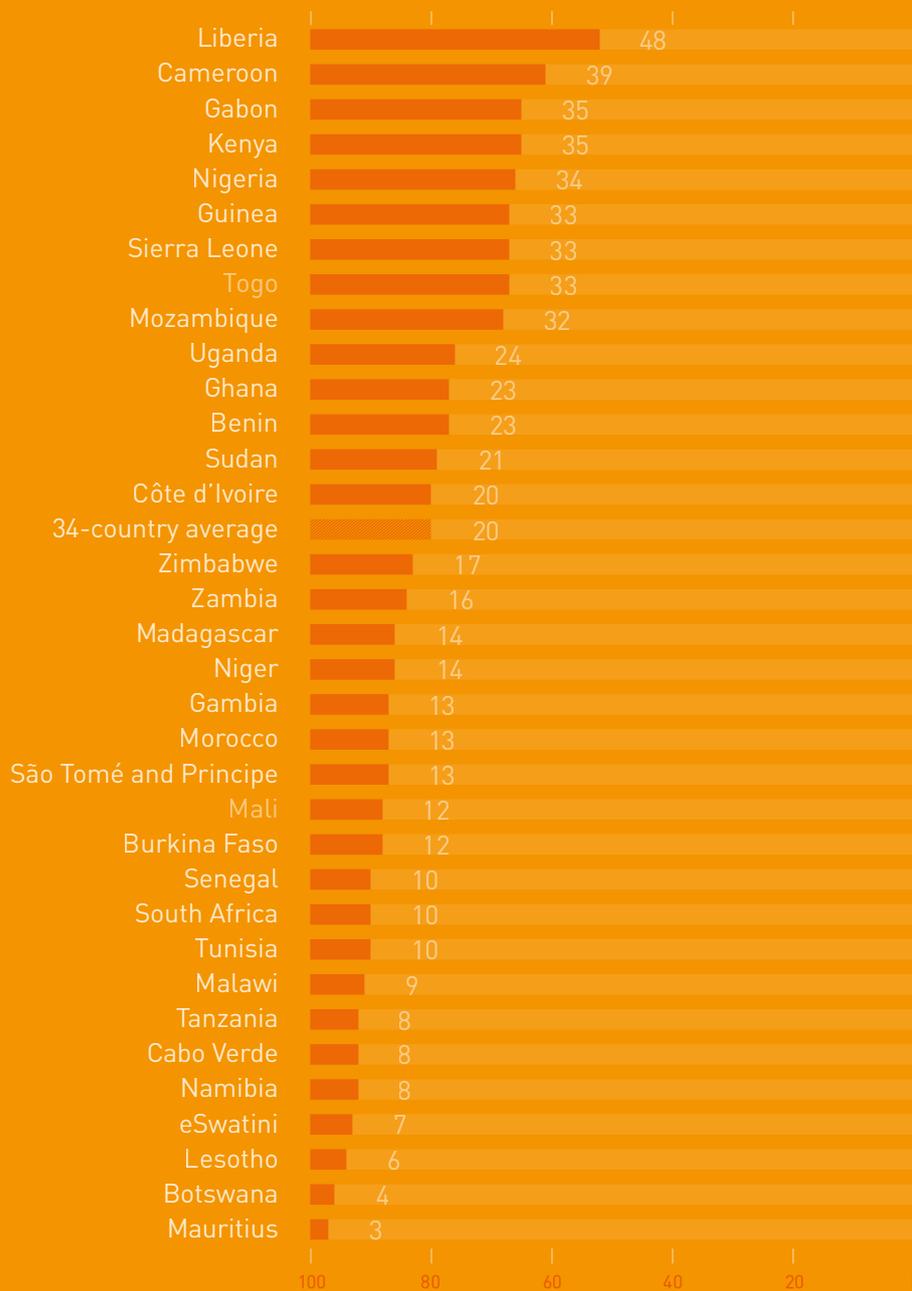
Respondents were asked: in the past 12 months. have tried to get water, sanitation, or electric services from govemment? (If yes:) And how often, if ever, have you had to pay a bribe, give a gift, or do a favour to govemment official in order to get the services you needed? (Among respondents who tried obtain services, % who say they paid a bribe "once or twice," "a few times," or "often").

Source: Afrobarometer 2020.

Petty corruption is more frequent in urban areas than in rural areas, primarily because urban residents are more frequently dependent on water utilities and other public or quasi-public institutions for their water and sanitation. In rural areas water and sanitation is often self-managed with little or no direct institutional involvement in service delivery. This is supported by a recent analysis of 2020 Afrobarometer data (not specific to water and sanitation), which found that people living in urban areas are more likely to pay bribes to public officials than people who live in rural areas, "arguably because cities have a higher concentration of public sector activity" (Justesen and Bjørnskov 2014). Similar findings are reported in a recent WIN analysis of the 2020 Afrobarometer data for urban water and sanitation alone (WIN 2020). Almost certainly, these issues are related to informality (see Chapter 5). People living in informal settlements and other disadvantaged urban and peri-urban settlements are almost certainly at higher risk of having to pay bribes than people living in more "authorised" settlements with stronger formal recognition of the state's obligation to ensure basic services.

In what follows, examples are provided of particular types of corruption at the community-institution interface. Part III outlines the multiple approaches that are being used throughout the world to strengthen integrity systems and combat this type of corruption, noting here one specific case of improvement.

In an analysis of the 2016–2018 Afrobarometer data for Tanzania, the proportion of respondents reporting bribery (for access to water, sanitation, or electricity services from the government) dropped from about 12% in 2014 to about 6% in 2017. The proportion who said they "never" paid a bribe to obtain utilities services from the government increased from 77% to 92% over the same period (Masfiri 2018). Thus positive change is certainly possible.

2014 ——→ 2017

12%

6%

Reduction in proportion of respondents reporting bribery for essential public services in Tanzania (Afrobarometer 2018).
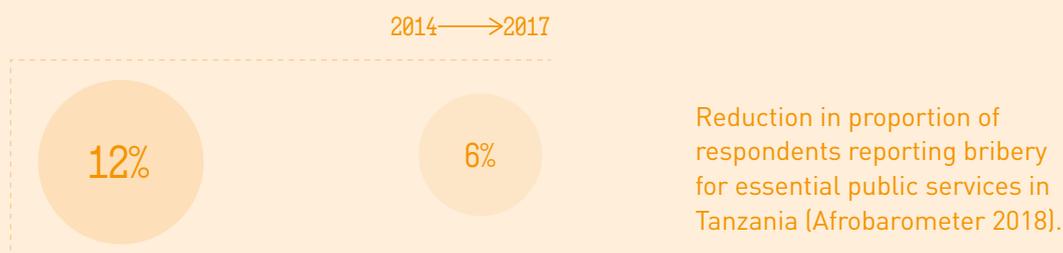
4.2 Petty corruption has profound negative impacts

The negative impacts of petty corruption are deep and widespread. These impacts fall into three categories: (a) direct costs incurred by the resident (particularly the poor and women); (b) discouragement effects (in other words, those who don't pay bribes don't get the service to which they are entitled); and (c) distortion effects (multiple negative effects on system functionality and on social trust).

Direct costs incurred by the resident

Paying a bribe may, for poorer urban residents, represent a significant cost burden to those paying the bribe. Multiple studies have found that petty corruption tends to have more serious impacts on poorer people. A World Bank study – across multiple sectors, not just water and sanitation – indicates that the poor pay a higher proportion of their income in bribes (World Bank 2018).

In Paraguay, for example, the poor on average pay 13% of their income in bribes, while high income households pay only 6%. In Sierra Leone the poor pay on average 13% of their income, while high income households pay 4%. It is not simply that bribes represent a higher proportion of a poor person's income. In addition, they may need to pay bribes more often. A cross-sectoral study in Kenya found that poor people are 7% more likely to need to pay a bribe in exchange for a public service. Furthermore, the burden of bribery varies among different public services, and the poor are more likely to pay bribes for public services like health and education, while wealthier people can use private providers (Mbate 2018).

An analysis of Afrobarometer data, not specific to water and sanitation, found that the poor are 2.5 times more likely to pay bribes compared to the rich (WIN 2020). However, the figures in Africa are not consistent across all countries and regions, though this may be at least partially due to methodological differences between studies (Peiffer and Rose 2018). While the poor and marginalised have less resources available for bribes, they are also more vulnerable to extortion of bribes due to power dynamics. For example, a study in Lusaka (Zambia) found that women are more often targets of bribery or other forms of corruption at the community-institution interface in urban sanitation, particularly when their husbands are absent (Twyman and Simbeye 2020).

Discouragement effects

Importantly, petty corruption means that some people do not have access to services because they cannot afford to, or choose not to, pay the required bribe. As noted, bribes typically represent a higher proportion of income for the poor. In some situations poor people may simply be unable to afford the bribe, and thus lose access to a service to which they are entitled.

A 2008 World Bank study of data from Peru found that poorer residents are more likely to be discouraged from seeking access to services, including water services, than wealthier ones (Kaufmann, Montoriol-Garriga and Recanatin 2008). On average, 11.4% of households reported that they had been discouraged from seeking a service from the water and sanitation utility because of the bribery requirement. This figure was higher than for most other public agencies considered; and the proportion discouraged was higher among low income respondents (11.7%) than among middle income respondents (10.7%) and high income respondents (6.8%). Thus, petty corruption penalises poorer users twice, acting as both a regressive tax and as a discriminatory mechanism that makes access more difficult.

This ties to educational factors and information deficits. Poorer residents may be less aware of their rights than wealthier ones, and may not know where to go to file a complaint or to obtain a better service.

Distortion effects

Petty corruption can distort decision-making and social trust in multiple ways. For example, water billing processes may be designed to maximise opportunities for corruption, rather than to optimise service delivery and financial sustainability. A recent study of corruption in the water sector in Bogotá (Colombia) and Johannesburg (South Africa) found that infrastructure malfunctions were widely perceived as deliberate, in order to generate opportunities for corrupt practices related to the reading of water meters (UNDP-SIWI Water Governance Facility 2017). Furthermore, in these cities there is a widespread perception that billing processes were made deliberately complex and opaque in order to increase corrupt individual revenues, or for the benefit of the water company. According to one focus group respondent in Johannesburg: "Since your receipt doesn't show the amount, they probably give you less water than you've paid for... by the time they go home they have ZAR 6,000 (approximately USD 400) in their pockets because … we don't know how much water we are buying". A respondent from Bogotá stated "We don't know what they charge for on the receipt, that is, there is not a good culture of information … really no one knows!" In addition, complaint mechanisms were widely seen as clumsy and corrupt, discouraging people in both cities from reporting irregularities or problems.

Related to this, studies in Mexico found that only 47% of the population judged customer service to be good, and the high incidence of bribery may be related to this. In other words, a person has to pay a bribe in order to get adequate services (Bolaños, Toledo and Osorno 2019). This ties to wider issues of integrity failure, as discussed in Chapter 6. In broader terms, petty corruption has profound social impacts. To quote the World Bank, "Corruption erodes trust in government and undermines the social contract" (World Bank 2020).

It is difficult to assess how much money is paid in bribery at the individual-institution interface, or what the wider socio-economic cost of petty corruption is. This is because there are no rigorous large-sample-based quantitative assessments of the amount of money lost due to petty corruption in urban water and sanitation; still less of the wider social cost of this type of corruption. An estimate of the amount of money involved can be obtained using the above-cited data from Davis (Davis 2004). Extrapolating from this data it can be approximately estimated that the total amount of bribes paid in urban India (for water bill falsification, or for expediting water system repairs) is of the order of USD 175 million per annum[1]. (this a very approximate estimate based on partial data for one country). It suggests that the amount of money diverted globally from household incomes by corruption of this type in the urban water and sanitation sectors amounts to hundreds of millions of dollars annually, perhaps billions.

On the public sector side of the scale, as Butterworth and de la Harpe note, the cumulative revenue losses stemming from falsified water meters likely add up to very large sums over time: "… money that alternatively could be spent on improved operation and maintenance, new investments to improve water and sanitation systems for economically weak groups, etc." (Butterworth and De La Harpe 2009).

Petty corruption penalises poorer users twice, acting as both a regressive tax and a discriminatory mechanism that makes access more difficult

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4.3 Petty corruption in urban water supply

This section considers in more detail the nature of petty corruption in water supply, noting that water supply may be more prone to petty corruption than sanitation, for reasons discussed in Chapter 4.4.

Petty corruption in the water and sanitation sectors falls into three broad areas: (a) bribery to falsify meter readings; (b) bribery to gain preferential treatment for services or repairs; and (c) bribery to obtain access to water and sanitation services (installation, concealing illegal connections, avoiding disconnection) (Stålgren 2006).

[1]In her sample of 411 utility customers in India and Pakistan, Davis (2004) found that 41% of respondents reported paying a bribe for water bill falsification (median amount of USD 0.45) at least once over the last six months; and 30% reported paying a bribe for speeding up repair work (median amount of USD 1.90) at least once over the last six months. The calculations conservatively assume one instance of each type of bribe over the preceding six months. They assume that these data are valid specifically for India. With correction for inflation (USD in 2004 = 1.37 x value of USD in 2020), they estimate the average amount of bribes paid for water bill falsification and speeding up repair work by an urban Indian resident per year as 1.37 x 2 x ([0.41 x 0.45] + [1.90 x 0.30]) = USD 2.07. Given the Indian urban population of about 440 million, and assuming an average urban household size of around five people, an estimated amount of USD 176 million is paid in bribes every year in India (i.e. USD 2.07 x [1.3 billion ˜ 5]).

Nearly all urban residents pay for water, whether from a public/quasi-public supplier or from a private operator. As a result, there are multiple opportunities for corruption at the individual-institution interface. In studies in Bogotá and Johannesburg, for example, corruption was seen as "endemic and omnipresent", with bribes solicited by frontline staff the most common type of corruption that respondents encountered (UNDP-SIWI Water Governance Facility 2017).

Studies in Mexico (based on analysis of data collated by the National Institute of Statistics & Geography, INEGI) suggest that only 1% of consumers pay bribes in relation to water bill payment, but an estimated 14% pay bribes in relation to the connection or legalisation of water supply or sewer connections (Bolaños, Toledo and Osorno 2019). The high incidence of petty corruption in accessing water connections is attributed to ambiguous criteria for concessions, which create space for corruption. Bribery to facilitate water connection has also been documented in urban Uganda. Even after the connection had been laid, 17% of respondents reported that they had to pay some speed money (Kayaga and Franceys 2007). About half of these respondents paid to get the water turned on, and the other half paid to get a water meter, "to avoid the exorbitant unmetered flat rates levied by the utility". The Uganda study also reports that the amount paid varied significantly from one customer to another. For example, some customers had to pay for lunch for the workers laying the connection; others didn't. However, it is also worth noting that this report highlighted moves being taken by the utility (NWSC) to reduce this type of corruption.

Different patterns are seen in other countries. In Bangladesh, for example, bribery related to water bill payment is common. A 1997 survey found that about one third of households paid bribes to meter readers in order to falsify meter readings and reduce the bill amount (TI Bangladesh 1997). Respondents consulted for this report from Bangladesh confirm this is still common. In Lusaka (Zambia) payment of bribes to avoid disconnection from the water network is reportedly common (BOX 4).

PH: GREGORY WAIT, PAYING FOR WATER THAT IS SUPPOSED TO BE FREE, DHAKA, BANGLADESH (~2013)

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BOX 4

Bribery issues related to illegal water connections in Lusaka (Zambia)

Source: Twyman and Simbeye 2021

One of the aims of the Millennium Challenge Corporation Zambia Compact (a major investment in Lusaka's water and sanitation services) was to reduce the non-revenue water losses (NRW) of the utility, Lusaka Water & Sanitation Company (LWSC). A major aspect of this was to reduce commercial losses (as opposed to physical losses or leakage) by making the volumetric billing of customers' water usage more accurate, and at the same time by cleaning up and updating LWSC's customer database. Significantly, "information received from contractor progress reports … demonstrate that approximately 16,500 previously unrecorded customers were added to the utility database and properly registered as billable accounts … These customers had previously been accessing water services for free". While this is an impressive programme output, it highlights the extent of the challenge of bribery between residents and public officials in this area. Most of these 16,500 previously unrecorded customers would probably have required assistance from an LWSC staff member to create and conceal these illegal connections. The impact of bribery is therefore likely to be considerable.

In 2018, LWSC's NRW was estimated at 45%, higher than the average for utilities in developing countries (35%), and considerably below the rate of 25% achieved by the best-performing utilities in developing country contexts. A high rate of NRW (i.e. both commercial and physical losses) seriously affects utilities' financial viability through lost revenues and increased operational costs. Thus collusive bribery arrangements between residents and LWSC officials are likely to have a severe negative impact on LWSC's performance. The 16,500 newly regularised customers achieved under the Millennium Challenge Corporation Zambia Compact represent a very significant step in rectifying the situation. However, bribery remains common in the context of legalised connection. Bribes may be solicited or paid to reduce fees through tampering of water meters, through creation of water bypasses, through billing delays after a property has been connected, and through false declaration of the existence of a borehole on the property. A widespread culture of collusive bribery exists in this interaction between residents and local officials, and continuing attention is required.

In many countries, significant strides are being made in reducing petty corruption in urban water supply

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As already noted, in India and Pakistan Davis found that 41% of utility bill-payers (thus largely urban consumers) had made more than one small payment (median payment USD 0.45) in the previous six months to falsify meter reading to lower bills, and 30% had made more than one small payment (median payment USD 1.90) to expedite repair work. About 12% had made payment at some time (median payment USD 22) to speed up a new water or sewerage connection (Davis 2004).

This section has noted petty corruption issues documented in urban water in specific countries. Notably collusive bribery to falsify meter readings, and bribes in return for connection or repair services. But it is likely that petty corruption of these types is widespread in most low and middle income countries, not just those mentioned here. Often this corruption is linked to poor service delivery and weak procedures for response to customer problems and complaints. A respondent from the Zambian water regulator NWASCO notes that a timely response from the utility is essential. In the absence of such a response, the consumer will naturally seek other ways to resolve the problem, including contracting a private repairer, or offering a bribe to someone in the public system. The relationship between integrity and customer services is discussed further in Chapters 8 and 9.

Notwithstanding the widespread occurrence of petty corruption in urban water supply, in many countries significant strides are being made to reduce corruption of this type, through multiple approaches: see Part III.

4.4 Petty corruption in urban sanitation

Petty corruption may be less prevalent in urban sanitation than in urban water supply because there are fewer opportunities for significant benefits to be obtained. The majority of urban residents pay for water, whether from a public or quasi-public institution or from a private operator. By contrast, many urban residents don't pay for sanitation services, often because there are no sanitation services or because they have onsite sanitation, and this results in limited opportunities for corruption. Water is a networked commodity in many locations, even for the poor. However, in most low income contexts and some middle income contexts, poor residents are rarely connected to the sewerage network. A study in Colombo (Sri Lanka), looked at opportunities for rent-seeking across the two sectors, considering both tariff collection and O&M services. In the case of water, they found significant evidence of rent-seeking in tariff collection (falsified meter readings, facilitation of unpaid connections) but not in O&M. The rarity of petty corruption in water delivery O&M may reflect a well-functioning complaints system and effective top-down monitoring [see Chapter 4.3]; although this may be an over-favourable interpretation, and it may simply be that there are greater opportunities for corruption in tariff collection. In the case of sanitation, the study did not find any strong evidence of rent-seeking in tariff collection. This is not surprising since the sewerage tariff is very low and proportional to water consumption. The study does, however, find some evidence of bribery in order to gain access to municipal septic tank emptying services.

Reports from Bangladesh indicate that people who live in informal settlements and on the streets may sometimes have to pay bribes to access public toilet facilities which should be free (Joshi, Morgan and Fawcett 2004). But this type of petty corruption is not widely documented.

Respondents in Lusaka (Zambia) who were contacted in the preparation of this report indicate that bribery associated with illegal connection to the sewerage network is common (Twyman and Simbeye 2020). In some cases the connection may be made by the consumer alone, and in other cases through bribery of a utility official.

Payment of bribes to avoid paying a fine for inadequate sanitation is possibly a widespread problem with major impact on public health. Most countries have some sort of regulation (often contained in building regulations or municipal by-laws) setting standards for sanitation. For example, minimum design standards for septic tanks. However, compliance with these regulations is often poor. In many urban contexts it is common to see substandard septic tanks – often just solids-holding tanks that do not meet an engineer's definition of a septic tank. These discharge liquid waste to surface drains, or are in locations unsuitable for septic tanks because of a high water table and/ or low substrate permeability. Verbal reports suggest that payment of bribes to avoid paying fines for inadequate sanitation (for example to public health officials) is common in many locations. But the situation is complex. The political economy of this issue has been explored in depth in Ghana. Cases of this type frequently fail to reach the courts because of political interference (Ghana Web 2019). This may be associated with bribery, or because local politicians intervene to gain political benefit such as considering a

fine for inadequate sanitation to be unfair to members of their community. Antwi-Agyei et al. report that "respondents described political interference as complex and highly problematic. Municipal Assembly members and management do not tend to directly instruct Environmental Health Officers to discontinue a case. Rather, they intimidate officers or warn them of potential repercussions" (Antwi-Agyei, et al. 2019). The situation is certainly complex. An in-depth study from 2006 suggests that Environmental Health Officers (EHOs) in Ghana were not in fact widely corrupt. "On the whole, the EHOs are not notorious for using their powers to extract pay-offs, perhaps because of the 'transparency' of their situation. What they do is very public, and members of the public are not slow to complain or bring accusations against them, unlike the police. And yet ordinary residents are only too ready to offer bribes, often to the embarrassment of the EHOs. Nevertheless, the popularity of 'persuasion' and a 'friendly approach' may also be linked to the potential for 'deals' which exist in this kind of situation. It may be to the mutual benefit of all parties if a friendly agreement can be reached to abate a nuisance or breach of the rules" (Crook and Ayee 2006).

This issue is well-documented in Ghana, but is likely to be much more widespread, and may have serious negative impacts on health. In the absence of a "social contract" (i.e. a generally accepted social understanding of rights and responsibilities) that enables regulation of sanitation quality, septic tanks and other sanitation solutions will remain unhygienic and continue to generate disease. An overview study of Thailand indicates that illegal discharge of domestic faecal waste is common, and it is possible that this may be associated with bribery to avoid payment of fines, or lack of capacity on the part of the regulator. "An example is from Om Yai municipality in Nakhon Pathom, which is about 35 kilometres from Central Bangkok. A municipal officer told the writers that wastewater is a major problem here. The first source of it is from households. The municipality tries to force them to install septic tank to treat wastewater before it drains into waterways, but many households just directly release their wastewater into public waterways. The municipality did not have enough staff to monitor these households." (Marks 2020).

More research is needed on the extent and impacts of petty corruption related to sanitation services

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4.5 Sextortion

Sexual extortion ("sextortion") is a particularly vile form of corruption in which sexual acts are demanded in return for some benefit or right. In other words, the currency of corruption is not money, but sex, or indeed sexual violence and the exploitation of one person's power over another person's body – most often men's power over women's bodies. The idea of sexual payment as a form of corruption is underdeveloped. There is no clear definition of what constitutes sexual acts or favours in corruption of this nature. It is also important to note that survivors of sextortion may themselves not recognise this as a form of corruption (UNODC 2020).

A 2020 Transparency International Zimbabwe study found that 57% of Zimbabwean women reported they had been forced to offer sex as payment in exchange for services or employment. "Sextortion is a part of the bribery culture in Zimbabwe. Women who do not have money to pay for bribes are forced to use sex as a form of payment" (Chingono 2020). Similarly, a major 2019 Transparency International survey in Latin America and the Caribbean found that one in five women have experienced sextortion (or knows someone who has) when accessing a government service (Pring and Vrushi 2019).

57%

of Zimbabwean women reported they had been forced to offer sex as payment in exchange for services or employment

one in five women in Latin America and Caribbean have experienced sextortion or know someone who has
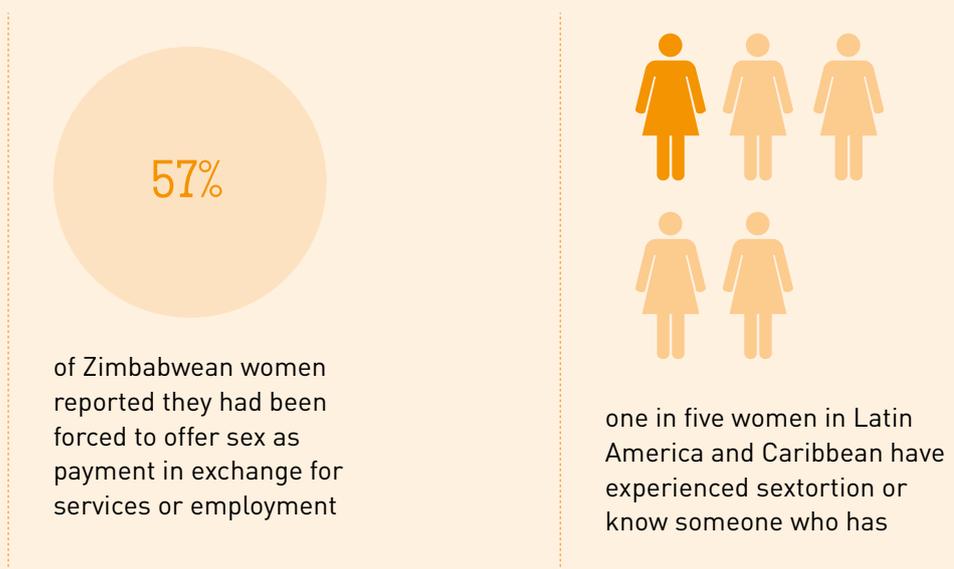
Source: (Chingono 2020) and (Transparency International 2019)

A recent study noted both sextortion and sexual harassment as common in the Nairobi informal settlements of Kibera and in Embakasi South (KEWASNET; ANEW 2020). Of the respondents in the study, around 80% in Kibera and 53.8% in Embakasi South were aware of sextortion, while 21.5% of respondents (28.6% in Kibera, and 14.4% in Embakasi South) had personal knowledge of survivors of sextortion or sexual harassment at a WASH facility. Of those survivors, 22.6% were victims of sextortion. The local slang for sextortion is "water for water". Many residents report cases of water vendors forcing women and girls to have sex with them to access water, taking advantage of their socio-economic vulnerability. Because of insufficient water access, some women feel themselves obliged to offer sex to vendors in exchange for water. Most victims of sextortion and sexual harassment are single women aged over 35, and the majority of perpetrators are men aged over 35. Sextortion and sexual harassment often happen at (or on the way to) WASH facilities, mostly in the morning. The factors that contribute to this are likely to include overcrowding, insecurity, disrespect for women, drug use and abuse, weak socio-economic status of victims, and negative peer pressure. Victims rarely report cases due to fear of reprisal or stigmatisation, feelings of guilt and shame, or lack of information on reporting mechanisms. Community referral pathways that can link victims to appropriate support services often exist, but are weak and ineffective. Victims need protection against retaliation; and guidance on prevention, reporting incidents, and economic empowerment.

80%   KIBERA

53.8%   EMBAKASI SOUTH

21.5%

had personal knowledge
of survivors of sextortion
or sexual harassment at
a WASH facility

22.6%

were victims of
sextortion

Source: (for all figures on this page) KEWASNET, ANEW 2020

A major study in Bogotá (Colombia) and Johannesburg (South Africa) found evidence of sextortion in both cities (UNDP-SIWI Water Governance Facility 2017). In Johannesburg, "...sextortion seems to be common in a variety of situations where women need access to resources or services. One respondent expressed that 'looking for a job, the manager or the supervisor will ask you to sleep with him'. Not least in the role of water provider for the household, women may be subject to unwanted requests. As one woman put it, 'If I don't have money to bribe the water utility staff, he will sexually abuse me because that's the only valuable thing I can give him'." In Bogotá, sextortion was not brought up spontaneously. Yet, when probed, a few of the respondents knew of male staff having solicited sexual favours from women to provide them with access to water. "For the plumber to give them a little water, eh, forgive that I express myself so clearly, he fucked all those women, several women for him to give them water". One of the survey respondents explained that "men want sexual favours to deliver water and this is a form of corruption. Women, because of their vulnerability and inability to walk long distances to get water, also give in to men's demands in exchange for water".

The study also found that men sometimes used threats of physical violence to force a monetary bribery or sextortion. A woman respondent in Johannesburg stated, "If a man comes to me and say[s] 'hey give me a ZAR 100 (approximately USD 7), if you don't I'm going to slap you' I'm going to give it to him, because there's no way I'm going to beat a guy; whereas a guy can stand up for himself and he knows how to fight. We are affected by corruption not because we are weak but more fragile than men are."

Sextortion is brutally exploitative. A woman is forced to provide sexual payment, sometimes along with threats of physical violence, in order to access something that is her right. However, in some cases – better classified as "transactional sex" than sextortion – both actors appear complicit. In Bogotá, for example, respondents alluded to flirting as one of the ways in which women sought to convince male officials not to cut the water access. "The engineer comes, or the person to cut the water, and right there they flirt with him and that and 'let's go inside' and so that he doesn't cut off the water ... or 'give me your number' to go on a date". In Johannesburg, one female respondent stated that "I'm an entrepreneur and if I want a tender to distribute water, like the pre-paid, I can sleep with one of the officials there and they will give me a tender... If you want a business, you need to bribe with money and sleep around" (UNDP-SIWI Water Governance Facility 2017). This raises deep concerns about apparent complicity in the face of poverty and unequal power relations.

Sextortion should be recognised in law as a form of corruption

4.6 Social perceptions and ethical distinctions

It is important to briefly discuss social perceptions and ethical distinctions in the specific context of petty corruption. As noted, some petty corruption is clearly extortionate and abusive. A public official demands monetary (or sexual) payment in return for a basic right, and the resident has little alternative but to pay. But in other cases the situation is collusive (the public official is happy to receive, the resident is happy to pay in order to obtain favourable treatment). The above-cited report from Bogotá and Johannesburg explores respondents' distinctions between "bribery for need" and "bribery for greed" (UNDP-SIWI Water Governance Facility 2017).

From the resident's perspective, paying a bribe out of need is not corrupt on the resident's part. It is necessary given the injustice of the system. In contrast, paying a bribe to obtain something they really don't need (water to wash a car, for example) was widely perceived as corrupt behaviour by both the payer and the taker. Most people would probably agree with this ethical distinction, but some situations may be more complex. For example, several respondents in Johannesburg did not regard tampering with one's water meter to be a corrupt act. "In the olden days we use to get water for free and why now, suddenly we must pay? It's our right". On the one hand, one may consider that the urban poor are justified in taking water because the service offered to them is genuinely unaffordable. Such behaviour, however, makes it very hard for a water utility to develop and maintain services in low income areas, as detailed above in the discussion on Zambia.

Bribery may not always be demanded. Sometimes it may be offered. Asiedu notes that "while some people will be explicitly asked for bribes, others ex-ante will voluntarily give bribes or do favours as a form of speed money" (Asiedu 2016). Davis notes that customers in India and Pakistan who paid small bribes in return for water connection often did not consider these payments to be bribes as they were not demanded by staff. One person said, "I was just very pleased with the service they gave. They came so quickly and they were very professional. I wanted to show my thanks to them with a tip." (Davis 2004).

Certainly there is a clear ethical distinction between a payment demanded in order to provide a service which is the resident's right, and a tip received afterwards. From the resident's perspective, there is likewise a clear ethical distinction between paying a bribe to access something they need, and paying a bribe in order to receive preferential treatment.

PH: MATIAS BLANCO, BUENOS AIRES, ARGENTINA (~2020)

Integrity and "the last urban mile"

Chapter 5 looks at the relationship between integrity, equity and development, with a particular focus on providing services to people living in informal settlements. While people living in these areas have a right to sufficient investment in their water and sanitation services, they are often marginalised and, in some cases, even criminalised. Often, the state makes inadequate provision for their human rights to water and sanitation. This is frequently made worse by inequitable (unfair and discriminatory) pricing and tariff systems.

5.1 Introduction

Although access to drinking water has improved in rural areas over recent decades, in urban areas the improvement has been limited, or has stagnated, and in some urban areas the proportion of residents with access to piped water on the premises or to basic sanitation has actually fallen (Sinharoy, Pittluck and Clasen 2019). At least in part, this is due to migration to cities and the increase in numbers of people living in informal settlements, in the Global South in particular. Addressing access to water and sanitation for people living in urban informal settlements is a critical part of meeting SDGs 6.1 and 6.2.

Poor women and other disadvantaged groups endure a larger share of the costs of inequitable resource allocation. Inadequate sanitation facilities and service failures are particularly devastating for the health of women and girls, simultaneously resulting from and reinforcing gender inequalities (UNDP 2012). For example, the frequent neglect of girls' toilets in schools has forced girls, when menstruating, to weigh their health and privacy against their education, resulting in many remaining at home (Van der Gaag

PH: HOSSAIN ISMAIL, DHAKA, BANGLADESH (~2011)

2010). In addition, a study in Kiribati (in the central Pacific Ocean) found young girls to be significantly more likely than young boys to suffer from diarrhoea and dysentery (Asian Development Bank 2014). The consequences of service failures are even higher for those who suffer intersectional disadvantages. Most informal settlements remain dependent on insufficient, dirty or broken public toilets that are uncomfortable and unsafe for women and children to use, especially after dark (WIN 2016). A survey conducted by the Abdul Latif Jameel Poverty Action Lab (J-PAL) involving over 5,000 inhabitants of a Delhi (India) informal settlement reported that more than 80% of toilets were overrun by faecal matter or other waste, and that "corruption was a key barrier to improving these services" (Jenkins 2017).

The urban planning considerations are complex. If a community occupies an urban location which is subject to frequent flooding, or which is otherwise unsuitable for residential use, there are valid arguments for not encouraging continued settlement in that location. But this does not distract from the rights of people living in that community to decent water and sanitation services, and the longer-term right to an alternative living space. Although planning considerations of this type may have some validity in some circumstances, there is a risk that they become an excuse for not providing services. The rights of people living in such settlements need to be respected, either through provision of good services on site or through negotiated resettlement. It is also important to note that many informal settlements have been around for many years, even decades, and are seldom temporary solutions. As such, the water and sanitation solutions provided need to address this issue of permanence, and provide long-term safe and decent services.

Inadequate sanitation facilities and service failures are particularly devastating for the health of women and girls, simultaneously resulting from and reinforcing gender inequalities

By definition, informal settlements are communities without access to adequate services, including water and sanitation. Sinaroy, et al. identify six types of drivers of and barriers to the provision of water and sanitation in informal settlements as summarised in Table 3 below (Sinharoy, Pittluck and Clasen 2019):

Table 3: Drivers of and barriers to the provision of water and sanitation in informal settlements

TYPE	DRIVERS	BARRIERS
Economic	Appropriate financing mechanism through government policy, donor institutions, and private sector infrastructure investment	• Insufficient founding for infrastructure investments • Lack of cost recovery mechanism to cover high upfront cost and maintenance, specially for sanitation
Spacial		• Geographic characteristics of informal settlements (e.g. peripheral location on unstable land or areas prone to flooding) • High housing density and poor construction of settlements
Social	Community mobilization and collective action for government service provision and regularization of informal settlements	• Lack of resources (e.g. literacy, language skills, time) • Lack of social capital and social cohesion • Social characteristics of informal settlements (e.g. crime) • Marginalization and discrimination against residents of informal settlements
Institutional	Global agendas and donor prioritization of inclusive WASH policies and social accountability	• Lack of clear mandates, policy coordination, and legal/planning frameworks • Insufficient capacity, time and/or resources for urban planning and policymaking • Lack of tenure status of residents • Barriers to official recognition of tenur
Political	• Political support for good governance and urban development policies • Citizen participation and civil society mobilization for inclusive WASH policies and social accountability	• Corruption, patronage • The centralization and fragmentation of responsibility for WASH service provisions • Lack of political will to meet the needs of residents of informal settlements
Informational		• Lack of appropriate global indicators for informal settlements • Lack of accurate, representative, and relevant data on informal settlements, with sufficient sample size for disaggregation • Insufficient evidence of what works informal settlements

Source: Sinharoy, Pittluck and Clasen 2019

This reflects the complexity of provision of WASH services to informal settlements. Certainly, in many cases there are technical challenges, such as where the land is prone to regular flooding or is inherently unstable, or where the high density of housing and the layout of the settlement make it difficult to provide services at the household level. There are, however, a range of other barriers to provision that have integrity and accountability dimensions that, if addressed, could support the increased provision of water and sanitation to residents in informal settlements.

In particular, the following barriers are of importance from an integrity perspective:

⟶ Marginalisation, discrimination and even criminalisation of residents of informal settlements and the lack of social capital of these residents.

⟶ Insufficient funding for infrastructure investments and linked challenges of cost recovery models.

⟶ Corruption and patronage.

⟶ Lack of clear institutional responsibilities for provision of services in informal settlements (and the lack of clear accountability systems/complaints mechanisms) and lack of political will to meet the needs of people living in informal settlements.

⟶ Lack of accurate, relevant and representative data on informal settlements

These issues are addressed briefly below.

5.2 Marginalisation, discrimination, criminalisation and the lack of social capital

Poor provision of water and sanitation services to people living in informal settlements often reflects social prejudice and discrimination. In some contexts, informal settlements are simply regarded as "illegal" occupations of land, with no rights to basic services, and they are often referred to as "slums". They may be occupied by ethnic or religious groups which are the object of widespread discrimination; or they may be characterised by institutions and elites as places where "criminals" and "good-for-nothings" live. In such situations of open discrimination, informal settlements may be almost entirely excluded from basic service provision. These situations may also reflect exploitation of "us-them" social prejudices by politicians using deliberately divisive populist/nationalist strategies. In Lebanon, for example, politicians have exploited resentment towards Palestinian refugees among host communities, lobbying against the provision of basic services in refugee camps (Hermann-Friede 2020). Locals do not want wastewater plants serving the camps as they are afraid that they will smell. This combines with more general resentment against the refugees which local politicians may exploit for their own gain.

In many urban settings in the Global South people living in informal settlements may be considered by the middle classes and elites as second class citizens (Chatterjee 2004). In many ways, the illegality of the settlement is perceived to transfer to the people themselves (SERI, WIN 2020). This social prejudice combines with challenges like insecurity of land tenure and housing rights, combined with high occupation densities and irregular street layouts, which can create difficult conditions in which to build sustainable water and sanitation systems (Mehta, Allouche, et al. 2014). As a result, informal vendors and small-scale private suppliers abound. These actors are usually not regulated, and often ignore even basic environmental standards (UN Habitat 2018). (See also Chapter 2.5.)

In some contexts, prejudicial attitudes or failures in the legal framework may lead to the total exclusion of informal settlements from basic service provision. In India, some informal settlements are "notified", or recognised by government, which means that residents have some form of land tenure and are entitled to receive services, including water supply. Not-notified informal settlements have lower levels of services provision than notified areas (Subbaraman and Murthy 2015). Thus, in peri-urban Ghaziabad near Delhi (India), residents in so-called "unauthorised colonies" lack any formal service provision. Some residents are forced to cross high speed railway lines to access water, sometimes paying for water with their lives (Mehta, Allouche, et al. 2014).

In urban areas there is often a strong elite bias in the implementation of government policies. Most of the available treated water is supplied to elite and middle class housing areas, with poor urban residents often completely ignored and bypassed. Again, this reflects institutional categorisations of both settlements and their residents as "informal" or "illegal". A resident of an "unauthorised colony" outside Delhi states "We could get evicted anytime. We don't have titles to our land and live in constant insecurity. This is why we are not getting any services" (Mehta, Allouche, et al. 2014). Even though poor and informal neighbourhoods exist alongside the elite and middle class areas; no provision has been made to improve their drinking water supply. Similarly, there is no provision to improve sanitation, and it is common for houses to be surrounded by pools of faecally contaminated wastewater. Inhabitants of these communities are "only tenuously – and even then, ambiguously and contextually – rights-bearing citizens in the sense imagined by the constitution'' (Mehta, Allouche, et al. 2014). This anti-constitutional lack of basic service provision to poor urban communities is only partly because of weak institutional capacity; it is also a reflection of social and institutional exclusion, and a deep failure of integrity (Mehta 2006).

Situations of this type may be associated with institutional racism and religious or caste discrimination, which are against the principles of the Universal Declaration of Human Rights. In Mumbai poor Muslim areas are often neglected or discriminated against, in decisions around piped urban water supply (Anand 2017) and investment in flood mitigation (Adam H et al. forthcoming). Such situations may also be associated with politically-linked gang criminality. Failure on the part of the state to deliver adequate services may make these communities vulnerable to criminality and corruption (see Chapter 5.4).

The negative impacts of the political economy are often most severe in informal settlements. Political leaders and institutions often direct much less per-person investment to informal settlements than to other parts of the city. The elite, private sector

and the middle class have a stronger voice and influence than residents of informal settlements. When they are unhappy with the quality of their water service, they pressure government and the utility to invest in improving their service. Such pressures also often mean that politicians refuse to authorise utilities to introduce cost-reflective tariffs, and so their efforts to become financially sustainable are undermined.

5.3 Insufficient funding for infrastructure investments and poor cost-recovery models

Very commonly, services in informal settlements are poor as a result of disproportionately low investment by national government, municipal governments and associated public or quasi-public agencies including utilities. Often, this happens despite formal commitment to meeting the human rights to water and sanitation and SDGs 6.1 and 6.2. The failure to invest appropriately may result from a number of factors, including:

$\longrightarrow$ Developments being located on private land,

$\longrightarrow$ A concern that the cost of interventions is a constraint, and that connecting infrastructure may have high upfront costs due to spatial or physical attributes,

$\longrightarrow$ Lack of available funding due to a low tax base in the country or due to corruption,

$\longrightarrow$ Prioritisation of available funding to water rather than sanitation,

$\longrightarrow$ Perceptions of informal settlements as areas of crime and criminals,

$\longrightarrow$ Fears of poor cost recovery, and

$\longrightarrow$ The perception that residents of informal settlements are unwilling or unable to pay for services.

The latter perception pertains despite numerous studies that show both willingness to pay for water and the fact that such residents generally pay more for water than wealthier urban residents anyway (Sinharoy, Pittluck and Clasen 2019).

The failure to invest appropriately in informal settlements may also be driven by vote-influencing strategies. Political leaders and political parties may use their influence over investment in the water and sanitation system to enhance their support among key constituencies – resources are directed towards particular sectors of the population who are important to that politician's or party's vote rather than on the basis of need. In some cases, corporate interests or criminal gangs may exert strong influence over political decision-making and infrastructure investment decisions, including through direct corruption.

Adequate service provision in very low income communities becomes particularly challenging when market-based economic ideologies reject subsidy and cross-subsidy models and require full cost-recovery from customers[1].Acting with integrity means providing decent water and sanitation services to the urban poor at prices which are genuinely affordable. But, at present, the urban poor are often faced with the choice of paying more than they can reasonably afford (reducing their ability to pay for other basic needs), not paying (and therefore not obtaining an acceptable service) or, in the case of women, perhaps paying for water through sextortion (discussed in Chapter 4.5).

Multiple factors give rise to water and sanitation pricing that is not affordable to low income urban residents. The non-provision of formal services, or unaffordable connection charges, mean that people who live in informal settlements or other unserved areas are forced to rely on local private operators, often buying water in containers from these operators. This results in very high costs of water in informal settlements, as has been found in the largest informal settlement in Nairobi (Kenya) where water consumes roughly one third of household incomes.

The financial cost of water and sanitation services is a significant burden on the urban poor. In Uganda, for example, water payments represent as much as 22% of the average income of urban households in the poorest 20% of the income distribution (UNDP 2006).

[1] From an integrity perspective, there is no problem with cost recovery in aggregate: service providers need to cover their costs in order to achieve financial viability. But this does not mean full cost recovery from all consumers. Effective service provision in informal settlements requires tariff models (see Chapter 8.2) which ensure full cost recovery in aggregate, but also incorporate subsidies and/or cross-subsidies to ensure that costs are affordable.

These residents pay 10 to 25 times the price they would be charged by the public utility (Migiro and Mis 2014). In Mumbai (India) informal settlements spend on average 52 to 206 times more for water than the standard municipal charge (Subbaraman and Murthy 2015). In Lima (Peru) those who live in informal settlements were found to pay five times the price for water paid by residents of high-income areas (Defensoria del Pueblo [Peruvian Ombudsman's Office] 2005). In many cities, such as Jakarta (Indonesia), Lima (Peru), and Manila (Philippines), poor residents have been found to pay five to ten times more for water than wealthy residents. In Manila the poor pay USD 10-20 per month for water, which is more than what people pay for water in New York (US), London (UK) and Rome (Italy) (Sohail and Cavill 2007).

Poorly designed increasing block tariff (IBT) systems may end up creating higher costs for poorer consumers, and directing subsidies towards less-poor consumers. In one example from a country in Asia water use of 0–5 m3 per month is charged at USD 0.04 per m3, and the charge then increases in incremental blocks to USD 1.05 per m3 for water use in excess of 75 m3. Low income consumers often share taps, so their total billed usage is often higher than that of (typically smaller) wealthier households. In addition, although subsidy per m3 typically drops with increasing usage in such systems, very high volume users typically receive the highest total amount of subsidy (Young and Whittington 2016). As indicated in Chapter 8.2, utilities need to carefully assess whether increasing block tariffs are equitable in their specific context.

Residents of informal settlements often pay more for uncertain water of unknown quality than wealthier urban residents. Equitable and affordable services need well-targeted subsidy models

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5.4 Corruption and patronage

In a number of informal settlements, corruption contributes directly to high costs and limited access to water and sanitation. Corruption in the water sector reduces the financial resources available for providing services, including in informal settlements. Weak policies and institutions can also create a lack of services that in turn create a space for informal water vendors (Plummer and Cross 2006). This, in turn, may give rise to corruption linked to the provision of water by informal vendors. This is not to suggest that all informal water vendors are corrupt, nor to fail to recognise the important role they may play in providing water to communities who have fallen through the net in relation to the provision of services by the state. It is, however, a critical issue that needs to be addressed.

In addition, poor residents may bribe officials to gain access to household connections, repairs and sewage disposal services. In informal settlements the level of the bribe may be at a level appropriate to what residents can afford, although some households will be better able to afford it than others. In mixed-income settlements, however, the bribe price is often higher, putting it beyond the reach of poor households.

In Bangladesh, the government's marginalisation of those who live in informal settlements has led to the emergence of the "mastaan" system. Mastaans are groups of men who are self-appointed leaders of informal settlements. In some cases they may be kind. In many cases they are hardened criminals who wield violent control over groups of poor urban residents. Many mastaans have corrupt links with local politicians, officials and the police, in order to secure their position. In return they guarantee votes and electoral support. Links to mastaans allow men and youth to secure water and sanitation services, jobs, privileges and status (Joshi, Morgan and Fawcett 2004).

Mukuru (Nairobi) is one of the fastest growing informal settlements in Kenya, 80% of which is located on privately owned land. The Nairobi Water and Sewerage Company (NWSC) argues that it cannot provide services in the settlement because it is located on private land. A research study conducted by the International Development Research Centre (IDRC) concluded that water in Mukuru cost 72% more than in formal residential areas (Muungano wa Wanavijiji, Akiba Mashinani Trust (AMT) 2020). The NWSC provides metered chambers on the periphery of the settlement from which it sells bulk water to community groups and individuals for resale to residents. After the installation of the chambers, they were taken over by a small group of water vendors, often called "cartels", each of which controls a number of chambers. Many of these cartels are landlords in Mukuru. This enables them to charge high prices for water with the threat of eviction for those who do not pay or buy water from them (SERI, WIN 2020).

However, dealing with these corruption challenges can have unexpected and contradictory outcomes. Stamping out corruption in service provision in informal settlements, while necessary and appropriate, needs careful consideration of, for example, the potential for short term interruptions in water supply for the very poor in particular, and the safety of community members from irate criminals running water vendor system (Stålgren 2006).

Corruption in water and sanitation service provision in informal settlements is a vicious circle: increasing costs for people and reducing resources and capacities available to provide services, making informality a necessity, which in turn can open door for discretionary decision-making and corruption.

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BOX 5

Power, patronage and integrity failures in Delhi (India)

Source: Birkinshaw, 2017.

About 25% of Delhi's population relies on water delivered in municipal tankers. Savda Gevhra colony has no piped water supply from the state water utility, the Delhi Jal Board (DJB), despite the mains network passing close by. DJB supply to the colony is currently from local borewells or water tanker trucks, both were of questionable quality and highly erratic. The Indian Constitution does not explicitly stipulate the rights to water and sanitation but Article 21 of the Constitution guarantees the right to life, which has on several occasions been interpreted by the courts to include the right to drinking water. For example, in 2014 the Mumbai High Court held that the "slum-dwellers" who occupied "illegal huts" cannot be deprived of their fundamental right to water (UNHR 2017). The DJB operates a fleet of about 1,000 tankers citywide. But tanker supply is preferentially accessed by people with political and social connections. The DJB's minimum service norm for supply from tankers is 10 litres per person per day, whereas the norm for piped supply is 150 litres per person per day. In low-income communities, fighting and jostling for tanker water is often a problem. The tankers are not owned by the DJB, and tanker staff are not DJB employees, so there are problems concerning accountability and regulation. Tankers tend to serve areas particularly when water features as a prominent election issue.

In addition, some limited water supply is provided in Savda Gevhra through local piped networks from DJB borewells each serving from 200-600 households on rotation. This usually means 20-30 minutes of water every two to six weeks. There are also privately owned boreholes operating through the local piped networks. There is a thin line between the two, because government boreholes tend to get "captured" by locally powerful people who then collect payments for water. Payments for private piped supply are close to USD 10 per month, with any connection charges for the consumer's own expense.

Requests for additional tankered water in emergencies, or as a supplement to inadequate supply, can be made through the office of the Member of the Legislative Assembly (MLA) or directly to the DJB. Residents indicate that without political support, tankers have a much lower chance of arriving. Applications for new boreholes must be made through

written petition to the MLA's office. There is a direct service delivery relationship between voters and their political representatives. In Savda Gavhra as in other "unauthorised colonies", residents must continually push for better water supply, and they are dependent on the goodwill of a political representative able to authorise funds and see that "the work gets done". Residents say that before elections the politicians promise them water, but that after elections nothing is heard from them.

Savda Gevhra is not an extreme situation of state denial of services. However, service quality is highly deficient. A clear feature of water delivery here is its discretionary nature. Better-connected and richer people are supplied more water at more convenient times, and also tend to pay less.

The current ruling party in Delhi, the Aam Admi Party (AAP), has made access to water a major issue. It has made changes to the law to allow for piped water connections in "unauthorised" areas. However, progress has been slow, and residents often have to rely on discretionary influence to get connections. After coming to power in 2015, the Chief Minister declared 20,000 litres a month of free drinking water to every household and all apartments of "group housing societies" through the DJB's metered connections, and universal access to drinking water at "a sustainable and affordable price". In fact, this has led to middle and upper class residents in wealthy colonies not paying water bills for several years (Pushkarna 2020). By contrast, in colonies like Savda Gevhra, progress has been slow. Water ATMs have been introduced, and residents below the poverty line get smartcards so that they can access water for free. However, ATMs have not worked well so far. Often the water is dirty, and many people say that they would rather buy bottled water.

5.5 Lack of clear institutional responsibilities and accountability systems

One of the challenges facing informal settlements in relation to access to adequate water and sanitation services is lack of clear institutional mandates. This is compounded by poor policy coordination between government agencies and among international donors, and weak planning processes for service delivery. Policies of decentralisation have been widely promoted, and in most countries local government has been given the responsibility for providing water and sanitation services. Often, however, they lack the capacity and funding to deliver on this mandate. The responsibility for provision of services in informal settlements is often unclear and may involve a combination of public, private and voluntary service providers. Arrangements may differ between informal settlements in the same city (Sinharoy, Pittluck and Clasen 2019). This complicates both decision-making and accountability. Unclear institutional mandates not only mean that the provision of services to informal settlements may fall between the cracks, but also that it is difficult for residents of informal settlements to know who to hold to account.

In Delhi (India), as with other peri-urban areas around the world, there is much jurisdictional and administrative lack of clarity, and there is evidence of "organised irresponsibility" among officials who pass the buck among each other regarding service provision for the poor (Mehta, Allouche, et al. 2014).

In South Africa, research across three informal settlements showed a notable lack of service provision accountability. In Marikana, where the municipality appointed service providers to empty chemical toilets and repair tap stands, there were no accountability or communication systems in place, a lack of contact between residents and service providers, and no processes for reporting faults or laying complaints. As a result, residents that had poor services or wanted improved services often resorted to self-supply, sought legal assistance and/or protest against poor service delivery (SERI, WIN 2020).

BOX 6

Water insecurity and lack of accountability in informal settlements in South Africa

Source: SERI, WIN 2020

In South Africa one in every five urban households occupies an informal dwelling (SERI, WIN 2020), and this proportion is increasing due to inflated land and property markets that exclude the poor. These settlements are poorly served with water and sanitation. For example, 41% of informal settlements in Gauteng province have inadequate access to sanitation, rising to as high as 90% in Kwa-Zulu Natal province.

Government efforts to create housing outside urban centres have increased eviction drives and deepened informality and insecurity. The Upgrading of Informal Settlements Programme, developed in accordance with the Housing Act of 1997, seeks to advance tenure security and basic service provision in informal settlements. Alarmingly, however, municipalities consistently underspend funds that the national government provides for infrastructure and the upgrading of informal settlements, perpetuating deep social inequalities.

The Municipal Systems Act requires that municipalities develop "indigent policies" that allow for free basic services to poor households. But to qualify a person must register as "indigent" once or twice a year, with extensive documentation requirements including, in some cases, a South African identification document. This excludes undocumented foreign nationals, despite a constitutional provision that everyone in the country has a right to basic services. As a result, indigent registers often end up excluding the poorest and most marginalised from accessing basic water and sanitation.

Research by the Socio-Economic Rights Institute of South Africa (SERI) in three informal settlements in South Africa (in Klerksdorp, Cape Town, and eThekwini [Durban]) showed consistent violation of the human rights to water and sanitation (SERI, WIN 2020). In the Marikana settlement in Cape Town the research found that communal standpipes are not sufficient to meet demand, and there are long queues to collect water. Residents often need to find their own solutions for water and sanitation needs (for example, through unauthorised connections, or repairing the standpipe themselves). But these solutions may be problematic. For example, unauthorised water connections pose water quality risks, negatively affect the municipal water supply network, and criminalise people who access water this way. In the Siyanda settlement in eThekwini communal toilets are difficult for children and the elderly to access because of steep slopes and hills. Across all three cities, access to water and sanitation often depend on relationships with ward councillors and on local party politics.

In all three settlements, women are disproportionately affected because water collection and family caring roles typically fall on women and girls, and because shared water and sanitation facilities and poor lightening increase their vulnerability to gender-based violence and crime.

Accountability mechanisms are also poor. Residents have nowhere to report faults, and no easy contact with service providers. Institutional data collection about service standards in these settlements is weak or non-existent, and there is a lack of transparency around municipal budget allocation to services in these settlements. Budget allocation data can in theory be accessed under the Promotion of Access to Information Act (PAIA), but this may take many months or even years, and data is not available for all areas.

PH: WATER TRUCK, CAPE TOWN, SOUTH AFRICA

5.6 Lack of accurate, relevant and representative data and information

Transparency, or open access to information, is one of the key tenets of integrity in the water and sanitation sector. Accurate data on water and sanitation provision in informal settlements is, however, often lacking. The informal nature of these settlements means that they are often overlooked in data collection, either accidentally or by design. Some governments do not recognise informal settlements and therefore do not include them in data collection processes. Lack of land tenure means that residents of these areas are not represented in administrative land registers. In many cases, marginal groups such as those living in informal settlements are either excluded or undercounted for a range of reasons. Such undercounting and data poverty has significant implications for the level of investment in water and sanitation services in these communities. It also means that little data and information is available to affected communities in order to hold service providers accountable.

Thus, in South Africa, for example, information on basic services in informal settlements is only available in isolated pockets. Basic services data are generally collected on a household basis and then aggregated to the municipal or provincial level. However, since dwellings in informal settlements fall outside the definition of formal households, such data is seldom collected at the household level. Often other approaches are used, such as aerial photographs, which provide little information on actual service level standards as per the experience of residents. In 2014, the South African Human Rights Commission stated that, "a lack of access to information and the lack of responsiveness of government departments remains a huge problem for communities" and recommended that the "Presidency must provide solutions to this problem or alternatives so that communities and individuals can engage effectively with government in the short and long term." (South African Human Rights Commission 2014). The same report stated that, "Some information should be made automatically accessible to communities and civil society organisations as opposed to being available only through PAIA [Promotion of Access to Information Act] applications." Little has been done in this regard, however, which reduces the ability of affected communities to hold service providers accountable.

It is also often difficult for residents in informal settlements to access information on planned service provision and budgets in their areas. Again, reflecting on the South African situation, it is possible for such information to be obtained where NGOs have the resources to conduct budget tracking or social audits, but this severely limits where such information is available to affected communities, Information can be obtained through a legal request in terms of PAIA, which was enacted to give effect to the constitutional right of access to information, but such requests may take months or years to be processed.

The lack of accurate data on service delivery, budgets and plans for WASH in informal settlements, combined with the marginalisation of residents of these areas, due to poverty, ethnicity, language, religion or other factors, makes it difficult for these residents to be able to hold decision makers to account.

Action is needed in informal settlements to improve data on actual service needs and levels, and to clarify who is responsible for service delivery and how residents can hold them accountable.

Advancing integrity in urban water and sanitation

Advancing integrity in urban water and sanitation

Part II gave an overview of various types of corruption and integrity failures in urban water and sanitation. That is the negative side of the story. This report is more focused on the positive story – the inspiring advances that have been made in terms of a genuine drive for integrity, among people, institutions and in governments, as well as moving towards systems of transparency, accountability and participation that have reduced the acceptance of and space for corruption.

Part III looks at what can be done to reduce corruption risks and improve integrity, drawing on the experiences of a number of countries and cities.

It is organised by type of reader. For example, utility managers will be most interested in Chapter 9 which considers what utilities can do to promote integrity internally. But there is useful material in other chapters as well. For example, a utility manager may also be interested in Chapter 8, focused around what regulators can do.

This structure is meant to make it easier for readers to find what is most relevant to them in extensive and complex material. This is not to suggest that different actors should act in isolation, and evidently many approaches are relevant to multiple actors. Inevitably there is some overlap between the chapters. Advancing integrity needs sector-wide collaboration, indeed society-wide collaboration. It needs a process which brings together government, technical specialists, service providers, the private sector, the media, and the people who use water and sanitation services.

Part III is structured as follows:

Chapter 6 ⟶ Taking action at the city level (i.e. what can municipal governments do to advance integrity in urban water and sanitation?)

Chapter 7 ⟶ What can national governments do?

Chapter 8 ⟶ What can sector regulators do?

Chapter 9 ⟶ What can utilities do?

Chapter 10 ⟶ What can international funders and NGOs do?

Chapter 11 ⟶ What can residents, civil society and the media do?

It's important to take a specific and multi-level approach to building integrity in the water and sanitation sectors. That's why the actions mayors can take are so different from the actions water organisations can take. Still, some general principles apply for the design of integrity intiatives.

1. As noted, the success of advancing integrity is improved by **sector-wide and society-wide collaboration**. It could see a process that brings together the city government, technical specialists and service providers, the private sector, the media, and the residents who ultimately pay their salaries. Or it may be a smaller process put in place within, for example, one utility, that could also include stakeholders, the regulator and other relevant actors.

1. Any initiative to advance integrity must be based on a **strong understanding of the social, economic and political context.** What works well in one context may not work well in another. In an analysis of the effectiveness of TAP (Transparency-Accountability-Participation) interventions in natural resource governance, Eisen et al. state that "Well designed TAP interventions can successfully contribute to reducing corruption in natural resource governance. However, a key limitation of many TAP approaches is that they do not consider or sufficiently account for contextual factors and complementary institutions, structures, or programs when designing an intervention. We have identified five key contextual factors when designing a TAP strategy: capture; social trust, political trust, and conflict; civic space and media freedom; rule of law; and government effectiveness and capacity. These contextual factors can constrain or enable the likelihood of success with respect to TAP reforms." (Eisen, et al. 2020).

2. Consideration of context is particularly relevant when considering systemic corruption. Approaches that can work well in relatively well-functioning contexts may not work well in contexts of systemic corruption and state capture (see Chapter 1.2). TAPA is stronger together. Advancing integrity requires attention to transparency (T), accountability (A), participation (P) and specific anti-corruption measures. But each element on its own is less likely to achieve positive outcomes. The most positive outcomes are achieved when TAPA is seen as an integrated bundle.

3. Integrity initiatives should not be seen as one-off interventions. **Advancing integrity is a continual process**. It needs budgets, resources and commitment. It needs implementation plans, monitoring and reflection (see Chapter 1.2). With these in place, a strong return on investment can be achieved.

4. Integrity processes within the specific context of urban water and sanitation are embedded within much wider national contexts (see Chapter 7.1). It might seem impossible to reduce corruption in urban water and sanitation delivery if corruption is widespread in governance and society. But there is value in **making the urban water and sanitation sectors islands of integrity** and a great deal can be achieved specifically within the urban water and sanitation sectors. Indeed, integrity initiatives in urban water and sanitation can be an inspirational force that drives integrity advances more widely.

PH: LA PAZ, BOLIVIA

Taking action at the city level

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Chapter 6 focuses on what municipal and other local governments in charge of cities and towns can do to advance integrity in water and sanitation. Municipal governments have the responsibility for water and sanitation service provision in many countries, directly or through a municipally controlled utility. And they constitute the level of formal government closest to urban dwellers. They are key actors in fighting corruption, both internally and in their relationship with other actors. This chapter shares useful municipal and local government experiences from around the world, and presents recommendations for action.

(Specific experiences of municipally owned water and sanitation utilities are covered in <u>Chapter 9</u>.)

6.1 Overview: Integrity initiatives at the municipal level

Cities and towns face heightened corruption risks due to the tight social networks in urban societies and the more direct interface between government and residents. But these tight social networks also present a major opportunity for trust building and participatory decision-making. Municipal governments are also a key intermediary for national governments (Schöberlein 2019).

This section discusses anti-corruption and integrity initiatives at the municipal level. Such initiatives are typically wide-ranging, and not specific to water and sanitation. However, such initiatives can be key to ensuring integrity in the water and sanitation sectors. After this initial overview, the chapter moves to an understanding of context (Chapter 6.2), specific consideration of procurement, budget transparency, and transparency around service provision (Chapters 6.3 and 6.4). Anti-corruption and integrity initiatives at the national level are briefly discussed in Chapter 7.1. Anti-corruption and integrity initiatives within utilities (which may or may not be municipally owned) are covered in Chapter 9.

A major source of experience in municipal anti-corruption efforts comes from United Nations Development Programme's (UNDP's) work in Eastern Europe (Destrez 2016). Several municipalities supported under this programme have received widespread praise for their successful reform efforts, including but not limited to Craiova (Romania), Kutaisi (Georgia), and Gjakovë and Pristina (Kosovo). The organisational change management approach engaged both leaders and staff in diagnosing challenges, and then encouraged a wide participation in implementation of the anti-corruption plans. For example, in the Serbian town of Boljevac, regular inter-departmental meetings were instituted to monitor the plan. In the Croatian town of Krizevci, NGOs were brought into decision-making around budgeting, which led to improved use of funds. Accountability was improved by measures such as training for residents to participate effectively in budgeting, and six-monthly reporting on implementation of anti-corruption action plans[1].

[1]For detailed guidance drawing on this experience, see the UNDP Guide to Corruption-Free Local Government, published online in entertaining clickable-graphic form and also available for download (https://corruptionfreecities.org/).

These experiences of UNDP and municipal partners were incorporated into a U4 Anti-Corruption Resource Centre report which summarises the lessons from a variety of anti-corruption efforts at municipal level as the following (Schöberlein 2019):

——⟶ A thorough risk assessment and context analysis are crucial to design appropriate local anti-corruption measures.

——⟶ Engaging relevant stakeholders (including residents) in the risk assessment and design process is most important.

——⟶ Reforms to public procurement and public services, as well as access to information, are among the most common and most successful measures implemented.

——⟶ Information technology greatly assists in establishing successful transparency and community engagement efforts, but it needs to be implemented with the consideration of local capacities.

Officials in the WASH sector and public leaders may hesitate to initiate action to promote integrity and combat corruption because of the prevalence of corruption around them. To address this there is need to develop a vision of the water and sanitation sectors becoming "islands of integrity", and to take inspiration from examples of courageous leaders who have taken action to initiate a drive for integrity.

Islands of integrity

The U4 report highlights the concept of "islands of integrity" as an approach for public institutions to reduce corruption even while surrounded by systemic corruption. This methodology was developed by Ronald MacLean Abaroa and Ana Vasilache, building on Abaroa's anti-corruption work during his time as mayor of La Paz (Bolivia). The main idea is to engage city leaders, managers, employees, residents and other stakeholders to jointly contribute to risk assessments, and to design and implement plans to stamp out corruption. The methodology encourages peer learning between municipalities, and it has now been applied in many cities including those of the UNDP Eastern Europe programme mentioned above. A central message of this report is that it is high time to dedicate serious efforts to make the urban water and sanitation sectors islands of integrity, because lives are depending on getting adequate water and sanitation.

In the Money Down the Drain report by Corruption Watch and WIN, corruption in the water and sanitation sectors in South Africa is recognised as having had an immeasurable impact in dry taps, lost jobs and polluted rivers. Illness from drinking unsafe water and using unhygienic toilets, affecting particularly young children, old people, and those with compromised immune systems. The strong recommendation that emerged was to designate the water sector as an island of integrity, because "South Africans cannot afford the burden of corruption in a sector which is a vital determinant of health and life (drinking water), dignity (sanitation) and economic prosperity." A model suggested was an anti-corruption forum such as the Anti-Corruption Health Forum, which would bring together key stakeholders including law enforcement agencies, relevant government departments and agencies, representatives of the private sector, regulators and CSOs active in healthcare and in combating corruption. Reports of corruption and gross irregularities could be submitted to the forum and allocated to the agency best placed to address them, with the involvement of the Auditor-General and other national anti-corruption agencies. While this recommendation was made at the national level, it applies equally to creating islands of integrity for the water and sanitation sectors at the city level.

The idea of an island of integrity is partly about redoubling efforts to combat corruption and responding to corruption, but it is about making cultural changes within a geographical area, population or system. The importance of a culture of integrity was highlighted by the OECD (OECD 2020; OECD 2017).

"Traditional responses to fighting corruption based on the creation of more rules, overly rigid compliance regimes and tougher enforcement have been of limited effectiveness. The OECD Recommendation of the Council on Public Integrity … shifts the focus on cultivating a culture of integrity across the whole of society".

— OECD, Public Integrity (2017, 2020)

The emphasis on culture change across the board may seem daunting in most countries. A focus within a municipality may be more manageable.

For the Open Government Partnership local initiative (OGP Local), creating a "culture of openness" is a core part of their work on transparency (Borrmann 2021). All public servants need to understand the value of openness and transparency regarding decisions, activities and interactions. OGP stresses that fostering a culture of openness and raising awareness among residents on how decisions are made is easier to do at the local level. However, even within a municipality, culture change can be slow and hard. Those who want to promote change may need to prioritise their integrity management strategy according to where there is most promise of positive change.

Ethical leadership and anti-corruption programmes

A particularly powerful model of an anti-corruption initiative at the municipal level is that of Bolivia's capital City of La Paz. This initiative was driven by Juan del Granado, known locally as "Juan Sin Miedo" (Juan Without Fear), Mayor of La Paz over the period 2000–2010. During his first two years in office, del Granado established a zero-tolerance approach to corruption. By 2002 this had become a formal programme: "Zero Tolerance for Corruption". This programme acted across all sectors of public life, not just water and sanitation. But its breadth and ambition are remarkable. This report cites extensively from a detailed report about this experience, based on research delivered under the European Commission's ANTICORRP project (Zuñiga 2015).

THE INITIATIVE HAD THREE MAIN PARTS:

⟶ The administration made it clear that the fight against corruption would bring prosecution of corrupt acts, supported by codes of conduct for public officials

⟶ A central aim was to foster economic recovery by reforming the city's fiscal policies, including collecting revenues and restoring credibility with external funders and aid agencies

⟶ The initiative set out to reshape the relationship between public institutions and residents by establishing greater transparency and more participative mechanisms aimed at building trust.

The policy also stipulated pay cuts for members of the executive, alongside statutory declarations of individual assets. The unit made frequent use of simulated users, a sort of "mystery shopping" in which an anti-corruption official pretended to be a normal user of a public service in order to check how well the service was provided. Furthermore, del Granado's strategy included "carrots" as well as "sticks". The City government organised regular ceremonies in which awards were presented to the most efficient, friendly and honest civil servants.

At a technical level the City government did a number of things. They implemented transparent procurement policies (see Chapters 6.3 and 7.1). They conducted intensified monitoring of public projects (sending inspectors to check that the quality of materials complied with the contract). They introduced processes to ensure that public officials were employed on the basis of performance, rather than political or personal affiliations. At the same time, the administration encouraged greater participation in the management of neighbourhoods, by creating District Neighbourhood Hearings in which residents could present proposals and complaints to the authorities.

Tax revenue from real estate and vehicle ownership grew 37% between 2000 and 2004, and has continued to rise since, growing a further 15% between 2010 and 2011. These economic improvements helped to restore the City's financial credibility. This in turn enabled it to attract funding from international sources including the World Bank and the Inter-American Development Bank, both of which had previously been cautious about lending to Bolivian institutions.

The Bolivia example and those from the UNDP Eastern Europe programme demonstrate that municipal governments which have seen success in their anti-corruption drives are characterised by the following "success factors":

——⟶ A participatory management style.

——⟶ Clear expectations of performance, and corresponding incentives.

——⟶ Organisational autonomy, particularly in personnel and financial decisions.

——⟶ A sense of mission.

Another example of a subnational integrity initiative comes from the South Cotabato Provincial Government in the Philippines. In 2015, the provincial government launched the South Cotabato Integrity Circle (SCIC) as a multi-stakeholder forum to prevent corruption and promote good governance as a strategy towards poverty reduction. The SCIC is mandated to develop and monitor the effective implementation of South Cotabato's 24 mechanisms for institutional integrity, which apply to all public services in the province. South Cotabato also joined OGP Local in 2018, and is currently implementing five commitments on open government to make public procurement more transparent. It is introducing open contract mechanisms to increase access to information, strengthen participation and transparency in the project monitoring, etc. The province is consistently ranked among the most competitive provinces in the country, and has steadily reduced poverty since the launch of the initiative (DAP 2018).

One more small yet important action that local governments can take in cases where water and sanitation services are run by local government owned companies or directly by government bodies, is to appoint capable people onto boards and to senior management of these utilities. Equally important is that local governments should let service providers act in a professional manner and not interfere in relation to political and personal interests.

Space to report corruption

Cities don't need to wait for national departments to create integrity frameworks. One of the key steps is to shed light on the corruption already taking place. Whistle-blowing mechanisms allow confidential and protected reporting of suspected corruption. In 2006, the City of Cape Town in South Africa launched a free 24/7 anti-corruption telephone hotline allowing anonymous reporting of suspected cases of corruption. The hotline is open to any resident of the city, including municipal employees and people in the private sector. This was in part a response to an estimated loss of over USD 20 million in the preceding financial year to suspected fraudulent and corrupt activities (in all sectors, not just water and sanitation). The City of Stellenbosch in South Africa has also introduced an anti-corruption hotline, tied to a formal Code of Conduct. The Code of Conduct spells out the specific responsibilities of different municipal entities, and what consequences may arise from violating the policy (including suspension, salary reductions, dismissal or criminal proceedings). All instances of corruption are to be followed up and recorded in the city's fraud register.

Digital platforms are an important whistle-blowing mechanism. Encrypted IT platforms like the Anticorruption City Toolkit (ACT!), which offers the main whistle-blowing software currently used in Europe, provide security and keep reports confidential from third parties. These digital tools can also help address the common problem of reports being unstructured and missing necessary information. With ACT!, the municipality of Milan (Italy) addressed this challenge by designing a questionnaire as part of the reporting process that guides whistle-blowers to follow up on their statements, enabling recipients to receive a better, more informative report (Fraschini 2021). There are a growing number of digital platforms that support whistle-blowing, including GlobaLeaks, a free open source software that features anti-corruption tools (Fraschini 2021).

A survey conducted in Ghana found that women feel less free to report corruption than men for reasons that include fears of lack of protection, reprisals and a lack of confidentiality (UN 2020). Whistle-blowing programmes should address these critical issues. In the Republic of Korea, the Anti-corruption and Civil Rights Commission (ACRC) introduced a system of proxy reporting through a group of lawyers paid by the ACRC in order to ensure protection of the actual whistle-blowers.

BOX 7

Ombuds and whistle-blowing

Ombuds (ombudspersons) are individuals or agencies who receive and process complaints that do not clearly fall within the jurisdiction of other bodies, such as law courts or government administrative agencies. They provide a channel for independent reporting and investigation of complaints against public agencies and their employees, without the complainant entering into expensive and complex legal proceedings. They help establish standards of conduct and provide education to officials, raise awareness among the population about their rights to adequate public services, and help resolve or refer problems, as necessary. The nature of their work depends partly on the existence of similar bodies, and they may function as a stop gap, dealing with corruption cases if other anti-corruption programmes are not yet well-established (UNODC 2004).

Whistle-blowing is "the reporting of information about perceived corruption", a critical element of any anti-corruption strategy. With effective procedures and protections in place, individuals that are aware of corruption can make a report to a compliance officer within a company, or to a public anti-corruption authority. Whistle-blowing legislation aims to protect those who report corruption and other crimes (UNODC 2001).

The urban water and sanitation sectors can become islands of integrity

City level anti-corruption measures are often triggered by public outrage at levels of corruption, as in the Cape Town example. The media, residents and government agencies all have a role to play in uncovering corruption and pushing for measures to curb the frequency and intensity of corruption. In Detroit (USA) the 2002–2008 Mayor Kwame Kilpatrick was convicted in 2013 on multiple crimes, including fraud and racketeering. Kilpatrick and his associates had been engaged in a number of unlawful activities, including procurement corruption in the City's Department of Water and Sewerage, with "kickbacks" amounting to nearly USD 1 million. Kilpatrick is alleged to have awarded contracts worth USD 127 million to a friend who was a construction contractor.

Following massive public fallout the City appointed a commission which put together a City Charter. The Charter included re-arrangement of the City's electoral districts to favour fair representation of different areas; creation of citizen advisory councils within each district; establishment of an Inspector General to probe unethical behaviour by officials; and requirement for contractors to report political contributions over the previous four years. The Charter was passed in 2011 by 58% of the popular vote. The Inspector General replaced an Ombud who had not been effective in preventing the corruption led by Kilpatrick, and gave the position greater investigative authority (McLeod 2019; Brush and Cwiek n.d.). In Detroit, the new anti-corruption measures came into place after the indictment and conviction of the Mayor. Introducing these measures would very likely have been impossible while a corrupt Mayor was in power. The media (including the Detroit News and the Detroit Free Press) played a key role in exposing Kilpatrick's corruption. (See Chapter 11.5 for the role of the media in improving integrity). The Federal Bureau of Investigation (FBI) also played an important role, using undercover video, wiretaps, and informants to investigate suspicions that Kilpatrick's father was involved in schemes to steer City businesses to contractors, and then illegally funnelling kickbacks to his son.

6.2 Understanding the context

As stated in the U4 Anti-Corruption Resource Centre report on anti-corruption efforts at city level (Schöberlein 2019), a comprehensive risk assessment and context analysis is needed to fit integrity reforms to the city's needs, and to engage the participation and build the capacity of stakeholders. The UNDP manual for strengthening integrity (UNDP 2015) sets out a process for this involving:

⟶ Establishing the context – through review of external and internal environments, and including review of the gendered aspects of corruption.

⟶ Identifying integrity risks, and risk factors for each.

⟶ Analysing integrity risks – by determining what controls are in place, and likelihood and consequences of an event occurring.

⟶ Evaluating integrity risks – ranking and prioritising.

⟶ Determining risk treatment – selecting appropriate treatment options for risks.

⟶ Treating risks – preparing integrity register and agreeing on action plan for implementing measures.

The risk assessment will provide the information to drive the change, as well as define the indicators for what will be measured and shared, who will monitor progress, and who will hold service providers accountable. This is a major ingredient of transparency.

PH: ISMAIL AMIN, WAITING FOR WATER ALLOTMENTS, MAKASSAR CITY, SOUTH SULAWESI, INDONESIA

BOX 8

Urban Water and Sanitation Sector Integrity Risk Index (WIRI)

Source: Fazekas, et al. 2020

A critical starting point for tackling corruption and advancing integrity is to understand the baseline situation, and to be able track change against that baseline. WIN has developed a methodology called the Water and Sanitation Sector Integrity Risk Index (WIRI), designed for use at the city level (Fazekas, et al. 2020). This index aims to provide an objective measure of corruption risks in the urban water and sanitation sectors. It is structured around three areas: investment risk, operations risk, and client-utility interactions risk. Ratings in each area are combined, with different weightings, to create a composite WIRI score. The index allows risk levels to be compared between cities, and over time.

The graphs below show changes over time in scorings obtained for 12 cities. The dotted lines indicate average WIRI scores across all cities and all years assessed. The initial application of WIRI in selected cities offers several interesting insights. Firstly, risk levels are notably different in the WASH sectors of cities within the same country, e.g., see Batumi and Tbilisi (Georgia). Moreover, risk levels seem to heighten in particular years, often due to changing factors in investments and operations. Finally, it is encouraging to observe an overall improvement over time in most of the cities, noting that a higher score on the graphs below indicates a lower corruption risk.

Figure 7: Preliminary WIRI results for selected cities showing fluctuations over time 2012-2020
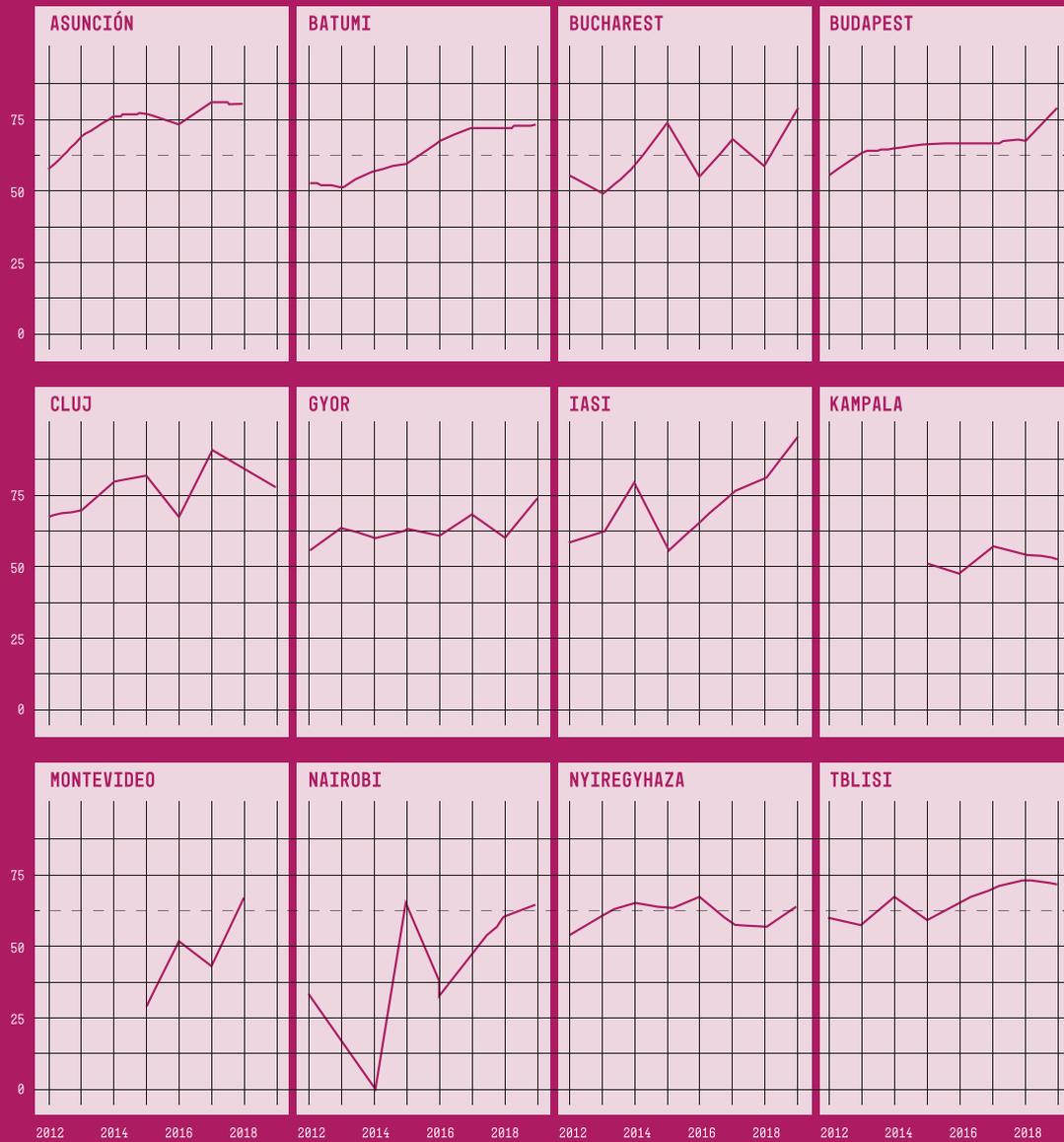
Source: Fazekas, et al. 2020

6.3 Best practice procurement and contract management processes

Transparent and competitive procurement are key elements of municipal level efforts to combat corruption and achieve integrity.

Procurement laws and regulation, as well as overarching e-procurement systems, are usually handled at national level (see Chapter 7.1). Local government can advance integrity by following the rules, and by disclosing procurement and contracting information. Of interest is the experience of the Indonesian City of Bandung, which has been documented by the Open Contracting Partnership (Canares 2020). Public procurement throughout Indonesia was known to be inefficient and lacking in transparency and accountability. A pilot project was set up in Bandung to publish the City government's public contracting data and information in open data formats; to develop key performance indicators (KPIs) on public procurement, and related data visualisations; and to facilitate community engagement through ICT tools and capacity building. Infographics were prepared, journalists were trained and apps were developed to publicise procurement opportunities. One challenge, however, was that while some women's groups participated, others didn't actively participate due to a history of lack of trust in the local government, a lack of motivation (lack of incentives), and an interest by some groups in keeping things as they were. Journalists sustained their reporting on open contracting and budget, but other initiatives were not sustained as well. The case study concludes that "While support is needed for data publication, more assistance is needed in ensuring that published data are understood and used to strengthen transparency and accountability in public procurement."

Procurement processes are also discussed in the national context in Chapter 7.1, and in the utility context in Chapter 9.3, including a discussion of "blockchain technology" approaches in Chapter 7.1.

For real transparency, public procurement must include processes to enable residents to engage with data

BOX 9

Transparency in decision-making on development permits (Ghana)

Source: Aido 2020, Open Government Partnership n.d.

The City of Sekondi-Takoradi (Ghana), joined the Open Government Partnership in 2016, aiming to strengthen resident participation, fiscal transparency and accountability (Aido 2020). The Sekondi-Takoradi Metropolitan Assembly had faced problems with high levels of corruption in buying land and granting development permits, associated with problems of illegal construction, lack of adequate financial and technical means to ensure effective development control, and improper management of development data to generate revenues needed for development.

To address these issues, CSOs partnered with the Assembly to create a digital platform known as STMA360. The platform digitalises the application process for development permits, allowing residents to monitor applications online, and reduces the chances of bribery and other forms of corruption when applying for permits.

By the end of 2019 the government and CSOs had trained more than 200 local ¨community champions¨ to enhance their understanding of public infrastructure information and ways to use it to demand greater accountability.

BOX 10

OECD Principles for enhancing integrity in public procurement

Source: OECD 2009

A. TRANSPARENCY

1———>Provide an adequate degree of transparency in the entire procurement cycle in order to promote fair and equitable treatment for potential suppliers.

2———>Maximise transparency in competitive tendering and take precautionary measures to enhance integrity, in particular for exceptions to competitive tendering.

B. GOOD MANAGEMENT

3———>Ensure that public funds are used in procurement according to the purposes intended.

4———>Ensure that procurement officials meet high professional standards of knowledge, skills and integrity.

C. PREVENTION OF MISCONDUCT, COMPLIANCE AND MONITORING

5———>Put mechanisms in place to prevent risks to integrity in public procurement.

6———>Encourage close cooperation between government and the private sector to maintain high standards of integrity, particularly in contract management.

7———>Provide specific mechanisms to monitor public procurement as well as detect misconduct, and apply sanctions accordingly.

D. ACCOUNTABILITY AND CONTROL

8———>Establish a clear chain of responsibility together with effective control mechanisms.

9———>Handle complaints from potential suppliers in a fair and timely manner.

10———>Empower CSOs, media and the wider public to scrutinise public procurement.

6.4 Following the money

Cities can demonstrate transparency and facilitate accountability by providing appropriate budget information to the public, and encouraging engagement and feedback. This may include the publication of budgets, expenses, audit reports (and responses) and related documentation. To increase budget transparency, cities can also use approaches like TrackFin. This has mostly been applied at the national level (see Chapter 7.5). It has also been applied in the Brazilian municipality of Petrópolis (Monteiro 2018). The Petrópolis application of TrackFin provides a very detailed analysis of financial flows to the urban water and sanitation sectors in this municipality, drawing on detailed data collated by Brazil's National Sanitation Information System (Sistema Nacional de Informações de Saneamento). The analysis finds that users pay a very high proportion of total system costs (85-95%), with minimal government support.

This provides a strong basis against which to assess whether the system financing is equitable.There are other tools to provide visibility on financial flows. TruBudget is a new blockchain-based workflow tool to bring together various funding sources within one transparency framework for efficient project management (Kleffman 2021). Blockchain is a tamper-proof online platform for transactions. With TruBudget, donors fit their own investment plans and track expenditure according to the budget framework of the host country. Donors can still have their own finance systems over which they have a degree of control, while the host country sets a framework based on its own budget needs, avoiding the need for the extra work of multiple systems and formats. The method also ensures that every project step is transparent through the platform, ensuring greater accountability. The approach holds considerable potential for transparent management of funds at the city level, although it is currently focused on the national level. GIZ and the Brazilian Development Bank have piloted the use of TruBudget. It is being adapted in Tunisia, Georgia and Burkina Faso. The latter country has internalised it, and intends to use it to operate district budgets and procurements. Their main constraint, however, is capacity and time to learn the system. The commitment of Burkinabes is central to the advances they have made. The German agency KFW – sponsor of TruBudget – has worked for years with the National Water and Sanitation Office (ONEA) (Office national de l'eau et de l'assainissement), which has become recognised for its good governance (Filou 2016).

City or local governments are the level at which direct participation and accountability towards people can take place. Participatory budgeting is one way of engaging and getting feedback on budget processes. In the Kenyan county of Makueni budget allocations for water services were increased based on the demand voiced by people through public participation (Folscher, et al. 2019). Public hearings are another way for city departments (possibly jointly with service providers) to report to city residents, present plans and answer questions.

6.5 Service level data and accountability

A key lesson from the U4 Anti-Corruption Resource Centre report (Schöberlein 2019) and UNDP findings (Destrez 2016) is that while it is essential for agencies to make information publicly available, it is equally important to ensure that the target audience can understand the information and have ways of acting on their understanding. Data ownership is also a key concern.

One way for urban residents to act is to collect their own data on service level provision. A good example of this is given by the Asivikelane ("Let's Protect One Another!") initiative in South Africa (International Budget Partnership 2020). This initiative, supported by the International Budget Partnership, collects and publicises data received from residents on service provision in a number of informal settlements across multiple metros in South Africa. Information is presented in easily accessible ways, as illustrated below, and contributes to holding government accountable for service delivery.
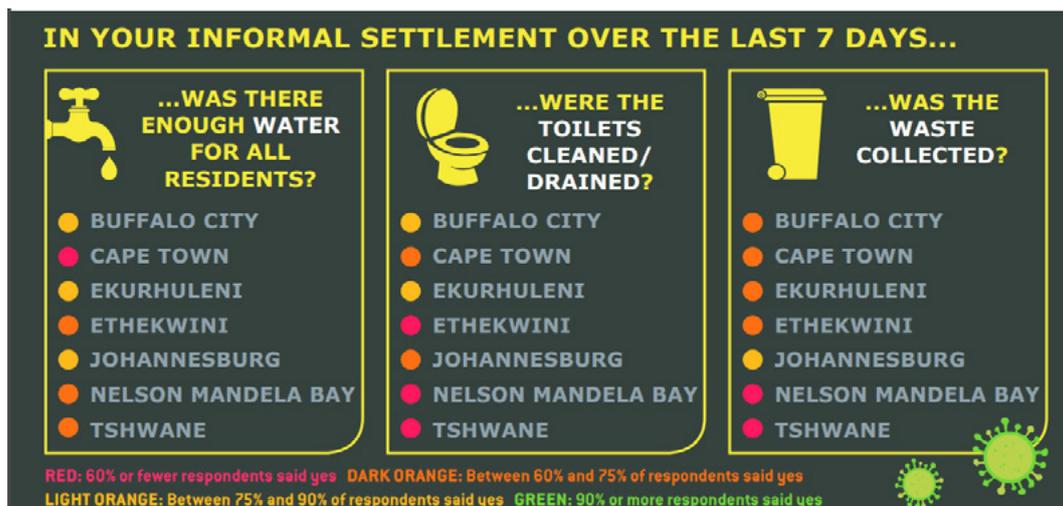
Accountability around service provision levels also links to the issue of effective avenues for complaints about service problems. Complaint mechanisms, which may be managed by municipal authorities, utilities, or by the sector regulator (as discussed in Chapters 8.4 and 11.3), are a good example of how technology can help to strengthen transparency and accountability. City or sector officials can also take action to increase the participation of a wide range of residents – including those who have limited access to information technology or limited personal confidence to articulate their views. Some of the possibilities for doing this include direct consultations with residents through focus group discussions or community forums such as the Water Watch groups used by NWASCO (Zambia's regulator) and WASREB (Kenya's regulator), and engagement with community-level representative institutions where they exist. Another example of genuine engagement is the intensive work of a citizens' panel for the Uruguay national water plan, which complemented online forums and community meetings (see Chapter 7.4)

(Zurbriggen 2020). In some cases, CSOs can play an intermediary role in investigating, interpreting and explaining to community members. The work of Mexican NGO ControlaTuGobierno is a very good example of this (see Chapter 3.1).

While transparent data on levels of service provision is essential, it is equally important to ensure that the target audience can have a say on the data, understand the information and have ways of acting on their understanding

6.6 Advancing community engagement in water and sanitation planning

Do water and sanitation investments across a city reflect fair and equitable allocation of resources? Or do vested political interests mean that those who live in informal settlements are receiving inadequate investments, as discussed in Chapter 5.2. Full budget transparency is critical for assessing this, alongside transparent data on service provision levels. But importantly, residents – and in particular marginalised residents – need to be given space and genuine opportunities to actively and genuinely engage in water and sanitation planning. Their role in leading this is further explored in Chapter 11. Municipal authorities can promote participatory water and sanitation planning approaches to engage communities to ensure that service levels are fair and in line with the genuine needs of people living in informal settlements.

A fundamental principle of participation is for officials to recognise the voice and agency of community members as major players in their own development process, and their right to interact with development partners and officials as co-producers of any intervention. There are different ways to approach engagement, as shown in Figure 8 (Niederberger , Knight and O'Reilly 2019). Such approaches need to consider power imbalances at the community level that may elevate certain voices over others. The needs of members from marginalised groups such as women, the elderly, or members of ethnic minorities may get lost if not consciously taken into account. UN-Habitat has developed a toolbox to support local governments in developing countries to implement the New Urban Agenda and the SDGs (UN-Habitat 2020). It describes an urban planning process in which different urban stakeholders visualise the stages and engage in the process to ensure that their voices are heard and their interests considered as part of their city's vision, policies, strategies, plans and projects.

Figure 8: Diagram of increasing community engagement
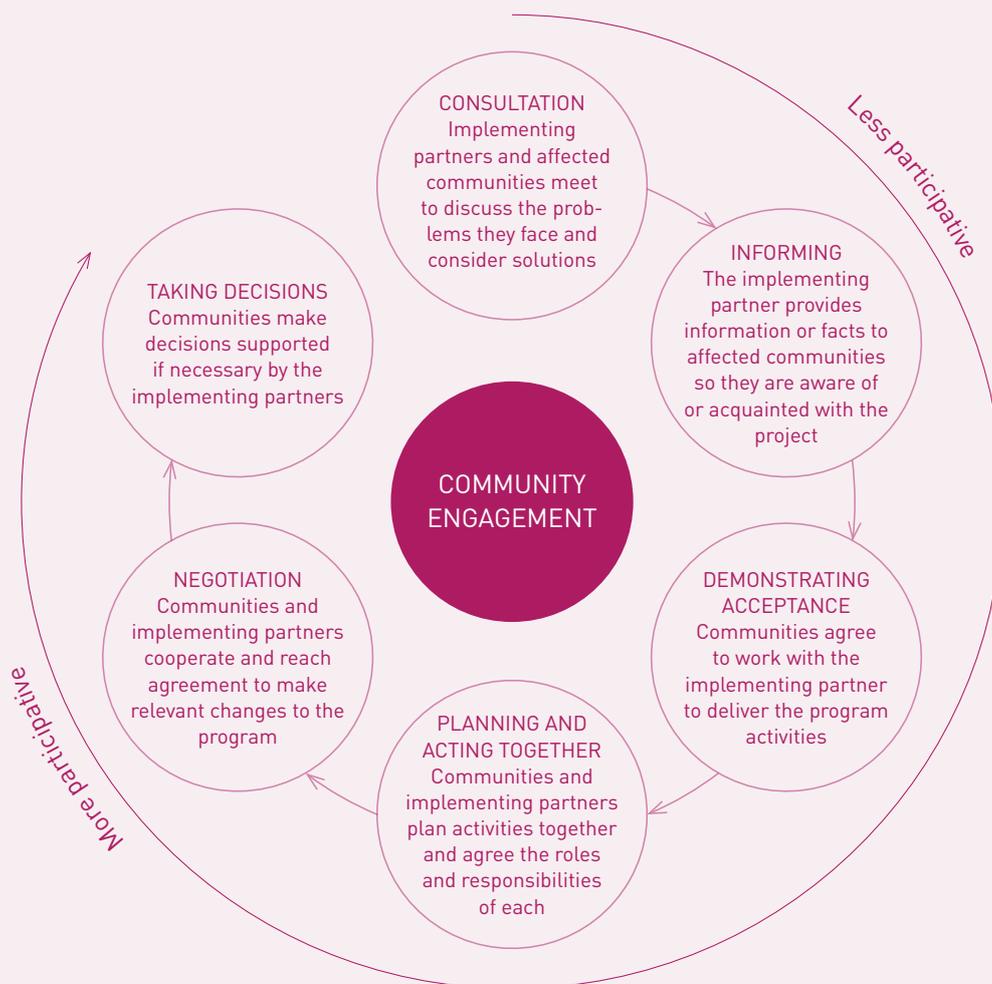
Source: Niederberger, Knight and O'Reilly 2019

When the process is more participative, community members feel more ownership and are willing to invest themselves and their time. This helps establish more of a partnership arrangement with officials and outside agencies, and thereby improves accountability. An example on a small scale comes from an urban water and sanitation project in Kenya (Chege 2006), in which the NGO Practical Action worked in partnership with residents and local authorities to carry out action research and participatory urban planning. Participants discussed a range of development needs at neighbourhood and ward levels, leading to planning actions that enhance community linkages with local government. Many tangible results emerged, including the construction of eight sanitation blocks with latrines and bathing cubicles, and training 350 people in Participatory Hygiene and Sanitation Transformation (PHAST).

Municipalities can build a foundation for improved integrity by encouraging community participation in planning of water and sanitation services and, where appropriate, in implementing, operating and/or monitoring those services. Equally importantly, municipalities should engage communities in any integrity management processes. As stated with the examples of Eastern European cities and in La Paz (Bolivia), the engagement of residents and other stakeholders should start at the beginning of an integrity management process, with the contextual analysis, risk assessment and design process. These steps are very similar to the participatory situation analysis and planning which are common in community-based development projects; but the task is to bring them into similar processes that help ensure accountability. (Figure 9)

Figure 9: Cycle of participatory integrity management
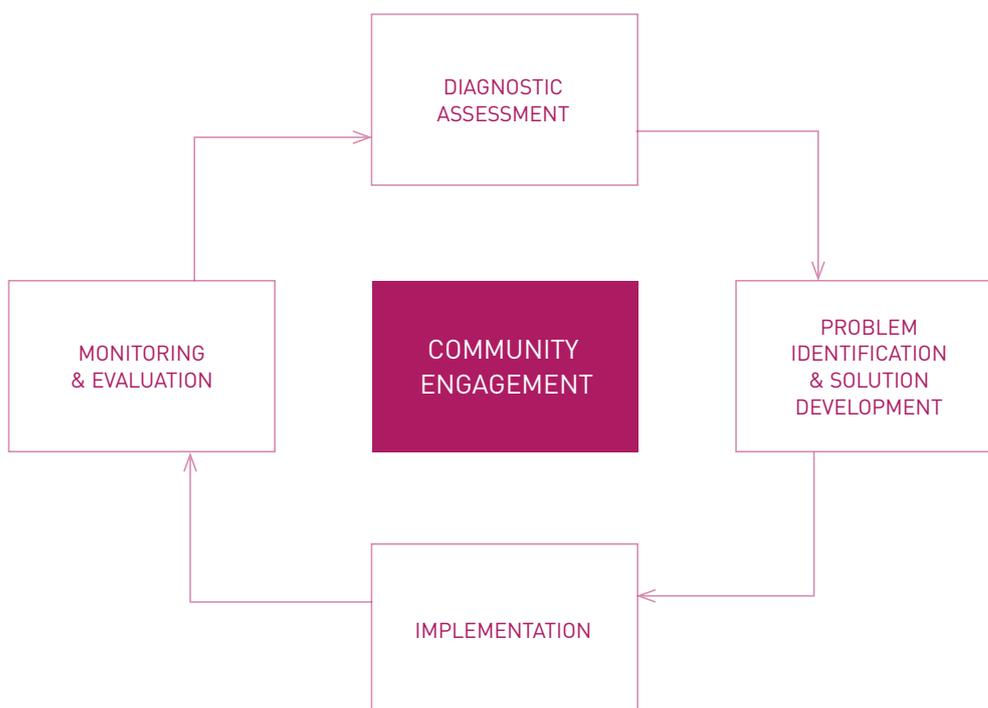
Participatory monitoring of implementation processes is crucial, and should be seen not only in terms of monitoring of infrastructure development and service provision, but also in terms of monitoring against clear indicators designed to evaluate integrity of practices and corruption risks.

Engagement with urban residents may mean engaging with representative structures where they exist. This may include Community-Based Organisations (CBOs) that oversee general development (such as a Residents' Development Committees), and that specifically work on water and sanitation or other activities such as health or school support. In some cases, these structures have been established through national policies, such as the Honduras Water Boards that operate at community level, under the supervision of technical support bodies. These structures can provide a means of engaging wider participation from communities, often as a needed complement to the more partisan groups that local political leaders work with. The WHO recognises that globally, local communities have become involved not only in giving inputs to utilities, but more actively in implementation and management of water supply development projects. Communities may already be organised and taking action in water and sanitation, or they may need support to mobilise, and overcome obstacles and conflict. This may require programmes of several years to establish.

Engaging women

In 2014 the Indonesian Corruption Eradication Commission (KPK) launched a programme called Saya Perempuan Anti-Korupsi (SPAK) ("I am a Woman against Corruption"). SPAK recognises the diverse experiences of women in relation to corruption and offers three-day training to groups of women. The training aims to be fun, and to appeal to different kinds of women. It clarifies issues such as what constitutes petty corruption, inappropriate use of public resources, and the fight against corruption. SPAK has developed seven games, one of which relates to village budgets and how to participate in monitoring local use of funds (UNODC 2020). The experience of SPAK reveals how women can be active agents of anti-corruption in their communities.

Training enables women to be powerful agents in the fight against corruption

PH: JULIANA LIMA OLIVEIRA/FUNCEME, REPORT VIOLATION SIGN ON WATER PIPE, WATER ALTERNATIVES PHOTOS, CEARA, BRAZIL

6.7 Integrity change management at the city level

There is no strict formula or approach to follow in introducing integrity at the city or utility level. What is presented here, however, is a generic framework for a change management process driving towards greater integrity. Not all of the items will be relevant in every context.

This framework is for interested individuals and institutions. It is for those who work to create "islands of integrity" (see Chapter 6.1) and choose to become "integrity champions" (see Part IV):

⟶ Motivate for change. This includes creating a sense of optimism that integrity is possible, a commitment to realising the rights to water and sanitation, and a deep urge to fight back against corruption.

⟶ Learn about integrity and corruption. This includes understanding the interrelatedness of integrity, corruption and equity; how these map to institutions in the water and sanitation sectors; understanding the cross-cutting TAPA framework; and understanding one's role within it.

⟶ Build a coalition, engage with other stakeholders. This includes working with representatives and staff of relevant water and sanitation sector institutions, residents, the media and the private sector.

⟶ Conduct a contextual analysis and risk assessment. Understand what is driving corruption in a particular context, who is it serving, and who are the key players involved. Understand where the biggest integrity and corruption risks lie.

⟶ Identify points of leverage, define areas of intervention, and develop an action plan. Based on the contextual analysis and risk analysis, the best course of action is determined in the specific context. Work out how to plan to tackle the issues, with prioritised actions and measurable targets, and ensure that a budget and other necessary resources are available.

⟶ Ensure transparency for participatory monitoring and evaluation. This must support implementation of the plan, so that one can understand the impact of particular actions along the way.

⟶ Adapt and revise the plan. On the basis of the monitoring and evaluation, one should go back and revise the plan based on the new knowledge.

MOTIVATE FOR CHANGE

The motivation for change comes from an understanding of the negative impacts of corruption and integrity failures, and the understanding that change is possible. Multiple advances are being made worldwide to combat corruption and promote integrity in urban water and sanitation, at various stages of the value chain from planning to service consumption. Many municipal governments are implementing integrity change processes, with perhaps the most striking model being the Bolivian City of La Paz. Many urban water utilities are working very seriously to reduce corruption among their staff. Sector regulators such as Zambia's NWASCO and Kenya's WASREB are playing a key role in both driving equity and fighting corruption, in the latter case often alongside financial audit agencies. WIN and other actors have created powerful tools for achieving change, and there are positive experiences from countries worldwide. At the same time, stakeholders need to encounter a deep motivation to fight back against corruption and the corrosive effects it has, including a willingness to experience difficulties along the way. This report is aimed at helping stimulate this motivation.

LEARN ABOUT INTEGRITY AND CORRUPTION

The report has set out an understanding of the complexity of corrupt behaviour and systems. Approaches to change are partly about countering corruption and adhering to rules. But integrity management goes beyond that to cultivating a culture of integrity. Some may get inspiration from being disgusted with how things are regarding corruption and neglect of people. This is an energy that can be capitalised on. As stated above, by studying the nature of corruption and integrity failures, new motivation and insights are generated into solutions; the review of practical experiences in integrity inspires and directs action while stimulating further insights into the nature of the corruption and integrity failures.

A good preparation for integrity management processes is always to review the TAPA framework. Though it is by no means static, it often can serve as a way to help people organise their own ideas. Transparency is needed in information made available on everything from budgets and procurements, to plans and measurements of progress. Accountability is needed in terms of defining responsibilities and interrelationships between the diverse actors involved, how they account to each other and who takes responsibility to oversee integrity. Participation of multiple stakeholders is essential, from city residents for whom quality services are so badly needed, to the central government agencies and external supporters, to the media and civil society. Anti-corruption measures are essential to stop corruptors, raise awareness, extend preventive activities, and contribute to a culture that deters corruption.

BUILD A COALITION, ENGAGE WITH OTHER STAKEHOLDERS

Considerable evidence shows the power of coalitions and partnerships in tackling corruption (Chêne 2010). Multi-stakeholder platforms are one approach to doing this, as are coalitions of people and organisations with similar intentions. Stakeholders and partners should be involved from the beginning of the process, including the contextual analysis, risk assessment and planning, through to the monitoring, evaluation and regular revision of the strategy.

As actors begin a process of integrity management and reach out to others they need to work out how they will present issues, emphasising improving systems to reach performance indicators. Lessons learned in integrity management suggest that in most cases the key to combatting corruption is to promote effective management and governance, with a strong integrity focus. Talking about corruption or even integrity failures can be off-putting, and making changes requires developing a wide constituency. Anti-corruption work which aims at culture change is usually going to be gradual. Often the starting point is to focus on strengthening good governance towards performance indicators and SDGs. Gradually, corruption problems come to light in ways that can be addressed with additional supporting information.

CONDUCT A CONTEXTUAL ANALYSIS AND RISK ASSESSMENT

The water and sanitation governance context of each city or sub-city area is distinct, even while there are similarities across cities of a similar country, region, or with similar socio-economic characteristics. Contextual analysis is fundamental, and there are formats that allow a quick and dirty exercise, or a more comprehensive one (U4 2019; UNDP 2012; SIWI, WIN and UNDP 2013). It's important for international and local actors to avoid assuming that conditions will be the same in different locations, and that approaches can be simply replicated. This process must be participatory, with a variety of stakeholder agencies and residents on board. Their engagement in the early stages helps build their buy-in and support and builds the quality of the assessment. This assessment will help establish a baseline against which to measure progress.

IDENTIFY POINTS OF LEVERAGE, DEFINE AREAS OF INTERVENTION, AND DEVELOP AN ACTION PLAN

The switch from studying problems to brainstorming solutions comes at this point, drawing on lessons and principles learned in preceding steps. In this process, stakeholders will naturally begin to compare options and determine which ones are more strategic and have a higher priority, as well as whether there are interdependencies between different actions.

Zinnbauer suggests that integrity work usually takes place at four possible levels (Zinnbauer 2020):

⟶ Individual ethics training, awareness raising and strengthening social value systems.

⟶ Organisational cultures of integrity within identified institutions, seeking support from the top, codes of conducts, and ethical intra-organisational relations.

⟶ Sectoral commitment to offset the feeling of systemic corruption (collective action dilemma).

⟶ Systemic and integrated actions through holistic national or local integrity systems, with a web of mutually-reinforcing transparency and accountability mechanisms.

Depending on the time and resources available, and the degree of sophistication desired, integrity plans and strategies can be simple or quite complex. While water and sanitation engineers may be used to blueprint plans and predictable schedules, integrity management plans are likely to need much more flexibility and adaptability. What is crucial is to define SMART indicators for the actions to be taken (Specific-Measurable-Achievable-Relevant-Time-bound).

Any integrity plan must have sufficient human and financial resources attached to it for successful implementation. The budget spent on integrity programmes will have significant return on investments through the reduction of corruption and wasteful governance practices. It is a good investment choice for urban water and sanitation managers.

ENSURE TRANSPARENCY FOR PARTICIPATORY MONITORING AND EVALUATION

Sharing information is crucial to integrity management. Those who manage resources and have responsibilities for services and decisions will need to follow rules about sharing information, within the organisation and with stakeholders. Rules are required such as which information, in what format, shared with whom, how often, how to be used, and what the possible consequences of the monitoring will be. Transparency and accountability should become part of the culture of all organisations.

Some of the key areas where transparency is needed include service provision, procurement, and financial management.

Service provision: Residents should understand the different standards of services, what they have a right to expect, and the process by which services may be established and improved. The International Budget Partnership example in South Africa showed a simple, graphic way of representing services and monitoring achievement of desired standards.

Procurement: BOX 10 in Chapter 6.5 outlines the basic principles of transparent procurement. It requires clear frameworks of information on development plans and budgets, ensuring that the justification for the procurement, the budget and technical specifications are clear. This forms the framework for the preparatory phase, in which the terms of reference (TOR) are defined, leading to the publication of the TOR, bid adjudication, and the post-tender phase. Some of the key recommendations in this report include using an independent specialist and resident procurement observers. A significant promising direction is the use of e-procurement such as in ProZorro, and online sharing platforms such as in Guatemala.

Financial management: The basic principles of financial management are fairly well known. The direction for enhanced integrity is now to create spaces and formats to share budget and expenditure information. Experiences of the International Budget Partnership have demonstrated the engagement of civil society in monitoring finances for sanitation and water in South Africa. Standardisation and publishing information through frameworks like TrackFin and TruBudget are promising.

A special note about technologies: Technologies are evolving, and several promising tools have now been proven in e-procurement, and in the use of electronic platforms to publicise service information and enable residents to provide input and raise their complaints. Future developments are expected in blockchain technology to provide tamper-proof certification of services and transactions. The use of drones for verification also is increasing transparency and accountability.

ADAPT AND REVISE THE PLAN

On the basis of transparency, participatory monitoring and evaluation, the integrity plan should be evaluated, lessons learned, and appropriate revisions made. This should be done at regular intervals.

PH: IMTIAZ MAHBUB, DHAKA, BANGLADESH

What can national governments do?

———————

Chapter 7 considers what national governments can do to advance integrity in urban water and sanitation. "National governments" primarily means national leadership and key bodies in the national integrity system including the ministry of finance, anti-corruption and audit bodies, and relevant line ministries including the ministry of water, sanitation and similar.

There are multiple measures which can be taken at the national level to advance integrity. These include implementing anti-corruption strategies, strengthening national procurement systems, and the development of institutional and policy frameworks that support transparency and accountability in urban water and sanitation. WASH actors should reach out to other relevant bodies to be part of broader anti-corruption efforts e.g. around public finance and procurement, and focus on strengthening policies and practices within the sector where the broader context isn't supportive.

Regulatory agencies, whether independent or within line ministries, are key national actors. They are considered separately in <u>Chapter 8.</u>

7.1 The national integrity context

Urban water and sanitation sit within a wider national context. If corruption and integrity failures are widespread throughout governance institutions and society as a whole, it may be challenging to achieve progress within the water and sanitation sectors. And yet, integrity in urban water and sanitation can advance even within an unfavourable national context. As highlighted throughout Part III, there are multiple actions that can be taken by actors within the urban water and sanitation sectors to protect them as islands of integrity. A drive for greater integrity within these sectors can have immediate positive impact, and may even help create momentum for integrity improvements at the wider national level.

What are the key principles of national-level integrity strengthening? A useful starting framework is the National Integrity System Assessment approach developed by Transparency International (Transparency International n.d.). This evaluates integrity risks of all aspects of a country's governance system, such as legislative and executive branches, judiciary, law enforcement, ombud, audit institutions, anti-corruption agencies, media, civil society and the private sector. An analysis is formed in consultation with the agencies. This feeds into a report to build momentum for reform. Another less comprehensive but more sector specific approach for assessing the national integrity context is the water sector governance, integrity and accountability review methodology developed by Water Witness International and WIN, which has been piloted in Zambia.

Anti-corruption programmes

Successful anti-corruption initiatives can have powerful benefits for urban water and sanitation. Many types of corruption identified in Chapters 3 and 4 could be resolved by more rigorous cross-sectoral anti-corruption programmes. Strongly resourced, well-led and well-designed anti-corruption initiatives can have powerful impact.

A key element in advancing integrity at the national level over recent years has been the establishment of anti-corruption agencies. While some anti-corruption agencies have achieved good success, others lack teeth for enforcement, and some have been co-opted for corrupt and/or political agendas. Alongside anti-corruption agencies, other institutions (most notably law enforcement, the justice system and audit agencies) play a central role in implementing anti-corruption programmes. National anti-corruption initiatives are much more likely to be successful if fully supported by the nation's top leadership.

While such "whole of government" initiatives may be best placed to curb high level corruption, anti-corruption initiatives specific to the water and sanitation sectors can drive improvements even where there is limited political will at the macro level. Such islands of integrity are essential given the importance of water and sanitation for the lives of city residents and for the resilience and reputation of cities. In this case, sector institutions can establish a culture of integrity (see Chapter 6.1), and also report corruption risks and claims to anti-corruption agencies, and collaborate with anti-corruption agencies for outreach and awareness.

Improving procurement processes

As discussed in Chapter 3.4, procurement-related corruption is a major issue in urban water and sanitation, and improving procurement processes is central to advancing integrity.

Globally, across all sectors, not just urban water and sanitation, public procurement represents on average 13%-20% of GDP, with total expenditures estimated at nearly USD 9.5 trillion per year. On average 10%-25% of a public contract's overall value is lost to corruption (World Bank 2020).

Improvements to procurement process may be made at the level of the city or utility (see Chapters 6 and 9 respectively). But in many countries public procurement is governed by centralised national systems, and these systems are as critical for urban water and sanitation as they are for other sectors. The exact relationship between national procurement and municipal systems will vary across countries, and may also depend on dynamics and relationships of different governments (Dobie and Xinwa 2015). In South Africa, for example, municipal procurement processes are regulated by the Municipal Finance Management Act (MFMA) and its regulations, especially the Municipal Supply Chain Management Regulations. Each municipality must follow these as minimum standards, which they include in their own supply chain management policies.

The United Nations Convention Against Corruption, article 9, specifies that member states should establish appropriate procurement systems, based on transparency, competition, and objective criteria, to prevent corruption. Doing this requires timely public distribution of information on procurement tender rules and procedures, clear and justifiable selection criteria, and transparency in the award of contracts. The criteria must be published to enable verification. A system of appeal and recourse is required in case of breaking of rules. The OECD has produced a number of guidelines and assessment tools on procurement (OECD 2020), and the Open Contracting Partnership (OCP) promotes e-procurement practices (OCP 2020). Despite the importance of procurement contracts, information is often not shared with the public. E-procurement supports improvements in this regard. The OCP promotes a format for data sharing, the Open Contracting Data Standard (OCDS). OCDS uses a simple data structure and open data publication patterns, and provides guidance on improving data collection and data quality. As an example, Zambia's Public Procurement Authority website has a listing of tenders published according to OCDS (even though currently this data is in a raw form and is not readily accessible to public users).

In Ukraine, civil society, private sector and government reformers worked together to develop the Prozorro.org e-procurement system based on OCDS ("Prozorro" means "transparent" in Ukrainian). The programme brought savings of around 12% on the costs of public procurements, with thousands of new businesses competing for contracts, and 80% of government contracts going to SMEs (One 2015, Open Contracting 2016). This led to a reduction in the perception of corruption by 50%. The open contracting approach aims to make government data and documents available and presented in a user-friendly way, allowing others to monitor and help improve the contracting process. The private sector appreciates that ProZorro simplifies the contracting process, reducing the cost of participation. Watchdog groups like Transparency International and Eidos Center use the information on the Prozorro.org platform to monitor and detect suspicious activity. Journalists are receiving training on how to use ProZorro. One of the secrets of its success was that e-procurement seems technical and boring, and this allows it to operate under the radar so that it hasn't attracted negative attention from those with vested interests. The system reform was not targeting any single individual over suspected corruption, and the reforms were passed before the implications of the changes became clear to those keeping things as they were (Open Contracting 2016).

Direct involvement of residents and communities in procurement (and in subsequent monitoring of contractual compliance) is a key area of interest, and is discussed in Chapters 11.2 and 11.3.

The Methodology for Assessing Procurement Systems (MAPS) is a tool developed by the OECD as "an international standard and the universal tool to evaluate any public procurement system, anywhere in the world" (Maps Initiative n.d.). The MAPS Analytical Framework includes (a) the Legal, Regulatory and Policy Framework; (b) Institutional Framework and Management Capacity; (c) Procurement Operations and Market Practises; and (d) Accountability, Integrity and Transparency. Indicators and sub-indicators have been developed for each of the categories. Applying the MAPS methodology can identify those areas where CSOs can contribute to improved performance in public procurement, including in water and sanitation. MAPS assessments have been conducted in dozens of countries in Africa, the Americas, Europe, Central Asia, East Asia and South Asia. The MAPS Working Group is co-chaired by the World Bank.

Electronic procurement platforms are now considered a standard practice, though they are not found in every country or are not fully implemented. A review of the public procurement system in Guatemala, for example, shows that while the country uses an online platform called "Guatecompras" to upload almost all procurement information (Guatecompras n.d.). It is not fully electronic because paper-based tendering is still an option. This combination creates a gap in transparency (IDFI; HIVOS 2018). However, all cities in Guatemala use this platform for goods and services procurements.

The existence of electronic procurement platforms and publication of their contents are not enough to prevent corruption. Such systems need to be carefully designed to enable the generation of information that is useful for audit and monitoring purposes throughout the full procurement and contract management cycle. Electronic procurement platforms can adopt emerging blockchain technologies. These technologies remove the need for a

person to monitor procurements. It requires digital verification at each step. The aim is to create a system that keeps records of transactions. This means procurement bids and decisions can be captured in a way that does not allow any changes, and that is available for anyone to inspect. The blockchain approach can also extend to contract management through "smart contracts", which provide officials with digital confirmation that the terms of a contract have been fulfilled. This is done before payment can be authorised.

Comprehensive data combined with analytics can also offer insights to help with early detection of potentially corrupt transactions and contracts. Researchers have been continuously developing and testing different "red flags" i.e., indicators of suspicious behaviour or activities possibly related to corruption. While the existence of an individual red flag does not imply corruption has taken place, several red flags can help identify instances with heightened risks, and can prompt relevant authorities to investigate. The Public Spending Observatory (Observatório da Despesa Pública) by the Office of the Comptroller General of the Union in Brazil offers an interesting example of an early warning system based on red flags in procurement data. In 2013 the Office of the Comptroller General received about 60,000 automatically generated warnings about potential procurement irregularities which could then be investigated. While such early warning systems carry great potential, they are underutilised due to factors including inconsistent recording of relevant data, and lack of analytical, oversight, and audit capacities.

Resident involvement in procurement oversight is another area with strong potential, as discussed in the Indonesia example in Chapter 6.3 and further discussed in Chapter 11.2.

Engagement by residents, e-procurement, and data analytics technologies can cost-effectively and significantly reduce corruption in procurement

Critical to all of the above is accurate data on procurement, which was also highlighted in Chapters 6 and 3.4. A recent analysis commissioned by the Inter-American Development Bank looked at procurement corruption specifically in the water and sanitation sectors in Latin America and the Caribbean (Adam, et al. 2020). This analysis has the following key policy lessons:

⟶ Public procurement data should be improved. This refers to better collection and public disclosure of data on multiple metrics including contract value, cost overruns and completion delays.

⟶ Risk assessment frameworks should be developed to guide both micro-level decisions (such as audits) and macro-level policy reform.

⟶ Public procurement cost monitoring mechanisms should be introduced.

⟶ Investing in public procurement reform is a cost-effective way to lower corruption costs.

A final comment about building capacity for procurement. Emergencies test these systems, and therefore the systems (and capacities of system operators) must be built to withstand emergency stresses. A particular risk in emergencies is that standard procurement procedures may be bypassed, with good reason. But this may result in less accountability and transparency, and more corruption. COVID-19 has brought about particular challenges for procurement systems. The Open Contracting Partnership has published procurement strategies for navigating the COVID-19 crisis (Open Contracting n.d.).

7.2 Accountable and effective institutional frameworks

Accountable, robust and effective institutional frameworks are fundamental for eliminating corruption and achieving integrity in urban water and sanitation. Where mandates are not clearly assigned, and where regulatory and audit oversight is insufficient, corruption may flourish and integrity be hindered. National governments have an important role to play in ensuring that the institutional framework for urban water and sanitation is fit for purpose, that institutional relationships between national and municipal governments are clear and constructive, and that institutional functions of policy, oversight, financing and service delivery are allocated with clear lines of accountability. This is not easy. Changing institutional frameworks takes time and is politically complex. It may be necessary to make gradual changes, and work in the meantime within a framework that is less than perfect.

The term "institutional framework" refers to a set of formal organisational structures, processes, rules and informal norms for service provision. In the context of urban water and sanitation services, an institutional framework is a description and formalisation of the specific responsibilities of different institutions (Peters 2020). The most important institutions are major service providers (utilities and, in some cases, municipal service delivery departments); regulatory agencies and other oversight bodies; municipal governments; and national line ministries and associated agencies such as trust funds or asset holding organisations. In addition, private sector actors and civil society (including community-based organisations and NGOs) should also have formal and recognised functions and roles.

In many countries the institutional framework for urban water and sanitation services provision is fragmented, and does not clearly assign responsibilities. This has implications for both integrity and the quality of service provision to residents (WHO 2017). For example, a common issue in urban sanitation in African cities is that a utility has responsibility for piped sewerage, but no defined responsibility for sanitation outside the sewer area. This means that that those who live in informal settlements are essentially left to sort out their non-sewer sanitation informally, while wealthier residents benefit from massive public investment in sewerage. However, positive change is happening. In Zambia, for example, as mentioned, the Lusaka Water and Sewerage Company changed its name in 2018 to the Lusaka Water Supply and Sanitation Company, and the regulator NWASCO has developed and applied a regulatory framework for non-sewered sanitation. Even so, major integrity challenges remain. In Lusaka as elsewhere, the investment in sewerage serving middle and high-income communities continues to far outweigh the investment made in onsite sanitation, of much lower quality, for poorer residents. There is a risk that this differentiated approach leads to long-term exclusion of people living in informal settlements from sewerage expansion. Issues of this type highlight the importance of directly considering technology choices and associated equity judgements within any process of institutional reform.

Accountable and clear institutional arrangements are a bedrock for improving integrity

7.3 Independence of judiciary, audit agencies and regulators

The previous section highlighted the importance of strong institutional frameworks for urban water and sanitation service provision. Particularly critical from the integrity perspective is to ensure that all service providers are subject to real regulation and oversight that is designed to promote integrity. This section looks in more detail at judicial control, financial audit and sector regulation.

Rigorous judicial action

The judiciary is the foundation of the rule of law. It has a central role in controlling corruption in urban water and sanitation, as in other sectors. Judges adjudicate corruption cases, establish case law, and punish offenders. Fair judgements are powerful statements of the social contract between residents and government. They set a tone that encourages identifying and discouraging corruption. A common complaint in the urban water and sanitation sector is that a culture of impunity weakens progress towards integrity. This is shown, for example, in Chapter 4.4 in the discussion of enforcement of by-laws in Ghana requiring landlords to provide adequate sanitation for their tenants.

PH: GUILLERMO GUTIERREZ, MIRAFLORES, LIMA, PERU

Rigorous financial, compliance and performance audits

National leadership and national governments play a critical role in ensuring that rigorous and politically independent processes are in place for audits of expenditure and performance, including at the municipal level. Supreme audit institutions (SAIs) are usually responsible for auditing government income and expenditures in all public sectors including urban water and sanitation. As for sector regulators, a key issue is their independence from those they are auditing, and how their findings are dealt with. SAI independence (including financially) needs to be enshrined in the constitution. Often it is possible to be sure of a high degree of independence from the Executive by putting the Legislative in charge of appointing and removing SAI leadership. While SAIs usually only make recommendations and report to parliament, they should be empowered to directly approach law enforcement bodies to take up investigations and prosecutions based on audit findings (INTOSAI 1998). Because audit reports are generally made public, they can provide information to residents and prosecutors in order to hold politicians accountable for wrongdoing (See also Chapter 8.5). This has proven effective in reducing corruption (Avis, Ferraz and Finan 2018). In contexts of systemic high level corruption, corrupt politicians will of course fight hard to prevent the independent function of audit agencies.

As mentioned in Chapter 3.1 an example here is the Mexican Federal Audit Board (ASF). The related work of civil society is notable in the case, with the ASF generating the data, and CSOs like ControlaTuGobierno following up with dissemination and advocacy. Another positive case comes from Mozambique, where the Auditor General engaged with civil society to complement its formal audits with evidence from social audits. With support from development partners, increased audits by the Auditor General led to 500 officials being called to account for corrupt practices (OECD 2010). Kenya's Auditor General does technical audits of investment projects, assessing in detail whether infrastructure like toilets were built according to specifications. This is unusual as auditors more commonly look only at financial records. If there are any inspections, they are usually just a few spot checks (perhaps guided by the implementer to unrepresentative full-delivery locations). In fact, it found only half of the projects had actually delivered as claimed. It is rare to see a review of the actual expenditure for a toilet, and to assess if it was good

value for the money (Hermann-Friede 2020). In Brazil a randomised audit programme by the Comptroller General's Office (CGU) measures the improper use of finances in municipalities. The CGU, which is widely trusted by residents, used the national lottery system on national TV to identify which local governments to audit. The process allows the CGU to identify problems within particular municipalities and across a number of municipalities, including the identification of patterns across a number of municipalities, for example, of the provision of substandard ambulances by the same service provider (Petherick 2015).

Rigorous regulation

Regulatory agencies that are transparent, accountable and free from undue political interference contribute positively to sector performance (Andrés, Schwartz and Guasch 2013) and are key to integrity in urban water and sanitation. Regulatory functions may be assigned to an independent agency, or retained within a relevant line ministry. In many countries, however, although the regulatory framework is independent on paper, in practice there is undue political interference. The creation of an independent regulator may face pushback from utilities and other sector actors. In Uganda, the national utility NWSC has resisted creation of an independent regulator, and other mechanisms have been used to provide the regulatory function (WIN 2017).

Key factors for independence include (a) the way in which the regulator's board is appointed, and (b) how the regulator's operating costs are covered (i.e. from automated levies or from discretional ministry transfers) (Bellaubi and Boehm 2018). In Zambia the regulator receives license fees from utilities (Bellaubi and Boehm 2018), whereas in Kenya and Ghana the regulatory bodies are funded by central government.

Reporting relationships and independence are interconnected. In Zambia, the regulator NWASCO reports to the same ministry as the municipal utilities. This has its own challenges because some integrity risks involve senior officers in this ministry, limiting the freedom of NWASCO to voice concerns. In other countries the regulator reports to the national parliament, the president or vice-president. This can create some protection.

Beyond their regulatory function, regulators can play an important role in disseminating information on water and sanitation and advising government. This is seen, for example, with both WASREB in Kenya and NWASCO in Zambia. NWASCO provides regular inputs on policy and implementation of plans (Mbilima 2020). With an extensive framework of performance indicators, this helps raise awareness and participation in water governance (Mwape 2019).

Regulators can also be leaders in establishing anti-corruption policies and programmes. NWASCO developed pilot guidelines on integrity and anti-corruption, working with the Anti-Corruption Commission and Transparency International in Zambia. Unfortunately, there was no approval from government to proceed with these guidelines. The indicators on accountability, budget, donor funding tracking, and transparency cut across policies as well as regulatory instruments, and were judged to be outside the authority of the regulator (Mbilima 2020).

Finally, the question must be asked as to who regulates the regulator? Regulators have important discretionary powers. In the worst case scenario it is possible that regulatory officials may themselves become involved in corrupt activities. The integrity of regulation can best be assured through clear foundational legislation and strong transparency in regulatory process. Reducing the regulator's autonomy (for example, through direct ministerial oversight) risks being counter-productive.

This is a very brief overview of regulatory functions from the perspective of national government, whose primary role is simple. It must create effective regulatory capacity with appropriate political independence; and with a clear mandate to evaluate water and sanitation service providers for both equity in service delivery and effectiveness of anti-corruption measures. It must have the authority to regulate all urban water and sanitation service providers, including municipal departments and small service providers. More detailed recommendations for regulators themselves form the subject of Chapter 8.

Independent judiciary, audit agencies and regulators play a critical role in driving integrity

7.4 Viable and equitable sector planning and review

Often in parallel with ongoing institutional framework reforms, national water and sanitation plans (or specific national urban water and sanitation sector plans) can provide a key opening for advancing integrity. Water and sanitation sector plans should include anti-corruption and integrity plans, drawing on integrity risk assessments. These may include more streamlined scans, or more extensive assessments of water and sanitation governance including stakeholder engagement strategies (SIWI; WIN; UNDP 2013). In particular, these plans can be major drivers for achieving equitable universal coverage in line with integrity goals. Despite national policy imperatives, the political economy drivers behind national water and sanitation plans may often mean that equity is given only token inclusion, with greater emphasis on cost-recovery goals and/or water use efficiency goals. While both are critical to functionality, they can pull in the opposite direction to equity

goals. An example of this is seen in South Africa's National Water and Sanitation Master Plan (2018-2030). In many respects this is a model document in terms of technical rigour and level of planning detail. But there is a clear priority focus on cost-recovery and water use efficiency, to the detriment of strong statements around equity. National water and sanitation plans (and similar strategy and policy documents) should place strong and explicit focus on achieving service improvements for the poor, including the urban poor. This requires detailed consideration of minimum service standards for urban water and sanitation, explicit and clear provision for cross-subsidy mechanisms, and setting clear responsibilities and targets. Targets for equity should be given top-line priority in the indicator framework, not buried in a long list of other targets. Water and sanitation sector plans should explicitly tackle corruption. This is, of course, politically sensitive. And many national plans make little direct reference to corruption issues. One useful approach here may be the application of WIN's Water and Sanitation Sector Integrity Risk Index (WIRI), designed for evaluating and tracking integrity risks in the urban water and sanitation sector: see Chapter 6.1.

A second approach is to directly involve stakeholders in the development and implementation of plans, as discussed in Chapter 11. Uruguay provides a good example of an effective approach for engaging stakeholders in the formulation of the Uruguay National Water Plan (NWP). This has been singled out by the Open Government Partnership as a model process (Open Government Partnership 2019). In 2016 the National Department of Water launched a dialogue involving more than 1,500 people including national government officials, parliamentarians, sub-national governments, academia, CSOs, trade unions, the media, and residents. A citizen's panel was formed to engage residents intensively over three weekends of review and collaborative writing.

National water and sanitation plans should be jointly developed by all stakeholders, and explicitly focus on improving services for the poor

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PH: JAMES KIYIMBA, COMMUNITY RESOURCE MAPPING TO TRACK WATER AND SANITATION EXPENDITURE, KAWEMPE, KAMPALA, UGANDA

7.5 Budget sufficiency and budget transparency

Political integrity requires the equitable allocation of public resources, specifically the allocation and efficient disbursement of public funds to support water and sanitation delivery for the urban poor. Throughout the majority of low-income and low to middle-income countries, public investment in water and sanitation in informal settlements remains grossly insufficient and inequitable. National leadership and national governments should ensure equitable allocation of available financial resources to urban informal settlements.

The current goal of Sanitation and Water for All (SWA) is for countries to spend 5% of their GDP on water and sanitation. Certainly, the availability of domestic public finance is limited by low GDP, a weak tax base and fiscal stability constraints. But if integrity is to be achieved, the available finance should be distributed equitably. Consumer tariffs can, in areas where this is affordable, be used to cover costs of operation, maintenance and recapitalisation. In many cases this will be insufficient for improving water and sanitation services for the poor. Substantial cross-subsidy from wealthier to poorer customers within the tariff system, or subsidy from government budgets, is necessary in most contexts (Kazimbaya-Senkwe and Allely-Ferme 2020).

Transparent budget processes enable stakeholders to track resource allocations from national to local levels, or to other agencies. By this means, legislatures, auditors, and civil society actors can follow implementation of programmes more closely. It is often the effectiveness of investment that is important, not just the amount allocated. Budgeting processes vary widely around the world. In recent years the Open Budget Surveys (OBS) conducted by the International Budget Partnership (IBP) have helped raise awareness globally and create momentum for greater transparency. The TrackFin initiative, which specifically aims to establish greater transparency over funding to the water and sanitation sectors, is worth noting. TrackFin collects data about the total expenditure in the WASH sector, source and amounts of payment, funding channels, and methods of distribution. It facilitates monitoring the equity of allocations to sub-sectors and geographic regions. It is currently being implemented in 17 countries. It helps countries develop National Water, Sanitation and Hygiene (WASH) accounts using a robust and globally accepted methodology. For discussion of an application of TrackFin in an urban context, see Chapter 6.4. UNICEF has prepared a guide for Public Expenditure Reviews, Public Expenditure Tracking Surveys (PETS), TrackFin WASH Accounts and Budget Briefs (UNICEF 2017). They point out that challenges in public financial management may include insufficient budget allocation, inefficient expenditure (delays, leakage, waste), ineffective expenditure (e.g. high-cost low-impact services; or investing in capital projects at the expense of recurrent costs), and inequitable expenditure.

In order to achieve integrity, it is critical for national and municipal governments to allocate sufficient resources to water and sanitation in informal settlements, and to support transparent tracking of budget allocations and disbursements through disclosure of budget data. This is as important for O&M of services as it is for capital expenditure.

PH: DANILO VICTORIANO, MARIKINA CITY, PHILIPPINES

What can sector regulators do?

Chapter 8 considers what water and sanitation regulators, both independent regulators, and regulatory departments within ministries, can do to advance integrity. The regulator's role traditionally relates to ensuring that resources are equitably allocated, that services are of appropriate quality, and that tariffs are both socially fair and financially viable. Regulators also often play a key role in ensuring water use efficiency and in controlling sanitation-related environmental pollution. Given the scope of their functions, regulators play a significant role in combatting corruption.

The focus here is mainly on regulation of urban water and sanitation utilities; but regulation may also extend to other service providers, including municipal sanitation departments and small-scale private sector actors.

8.1 The regulator's role in driving integrity

Regulatory agencies have a fundamental role in ensuring integrity in urban water and sanitation which includes ensuring that water and sanitation services are provided at an affordable price, without marginalising the urban poor. But regulators can also play a powerful role in directly fighting corruption (see Chapters 3 and 4). The two roles of regulation for equity and regulation to fight corruption are discussed in detail in Chapters 8.2 and 8.3. In Chapters 8.4 and 8.5 two key requirements for effective regulation that protects integrity are discussed, namely, strong mechanisms for ensuring that residents' voices are heard and mechanisms and approaches which ensure that regulation has real teeth and creates real incentive for change. Chapter 8.6 addresses a key issue for urban water and sanitation integrity, which is the common lack of strong regulation of non-utility service providers (including municipalities), who may escape the regulation applied to utilities.

This chapter draws heavily on the experience of two particular regulators, Kenya's WASREB and Zambia's NWASCO.The institutional structure of regulation varies considerably. Many water and sanitation regulatory agencies operate at the national level, but India, for example, has systems in each state (Ahmed and Araral 2019), and Brazil has decentralised regulation to municipalities and state-level agencies (OHCHR 2013). The Philippines has several water regulators, and there is some flexibility as to which regulator a utility can use, which can present integrity challenges (Villa 2020). All countries of Latin America have introduced regulatory agencies with combined regulatory and enforcement responsibilities (where enforcement is the application of sanctions for weak performance or non-compliance), except for Colombia and Chile which have divided regulatory roles and enforcement into two separate agencies (Andrés, Schwartz and Guasch 2013). In addition to regulatory and enforcement responsibilities, regulators often have roles in policy development and policy guidance.

A recent symposium brought together a group of water and sanitation regulators who described their current key contributions to the SDGs as follows (WHO 2017):

⟶ Policy review and development.

⟶ Supportive, rather than punitive role.

⟶ Risk assessment and prioritisation.

⟶ Monitoring and reporting on quality of service.

⟶ Improving governance and increasing transparency.

⟶ Increasing effectiveness of investment and ensuring sustainability.

This understanding of roles by regulators may go beyond the formally established mandate. For example, the mandate of Kenya's national water and sanitation regulator WASREB is to "…set standards and enforce regulations that guide the sector in not only ensuring that consumers are protected and have access to efficient, affordable and sustainable services, but also, provide for financial sustainability of Water Service Providers (WSPs) by allowing financing of operations, capital cost recovery and a return on capital that sustains services through ongoing investments" (WASREB 2020).

In many instances, the regulatory functions are dispersed across diverse agencies. For example, in Bangladesh the regulatory function for utilities lies with the ministry of local government in most cities, while the department of environment is responsible for wastewater regulation despite the fact that the flow of untreated wastewater especially from the garments industry in Dhaka directly affects the drinking water source (WIN 2017). There is no mechanism in place for the utility or the utility regulator to tackle wastewater issues as it is beyond their jurisdiction. This points to a need for the regulators of the various sub-sectors to interact, share data and develop common regulatory approaches for an effective and holistic regulatory mechanism to address the sub-sectoral challenges.

Regulators clearly play a key role in enabling integrity within the sector. A regulator can strengthen service provision regulatory processes, supervise the levels of quality and efficiency, and control and verify the correct application of norms, obligations and sanctions included in the regulatory framework (Nordmann 2013). The regulator can put in place specific requirements with regard to integrity, including in relation to transparency of information, stakeholder participation and anti-corruption. The regulator is a key player in holding water and sanitation service providers accountable.

However, regulators are also vulnerable to integrity risks, which include but are not limited to capture by stakeholders, extortion of service providers, and non-transparent practices in the regulatory process. In order to guarantee the regulator is complying with its functions in an effective, transparent and legitimate way, it must be protected from corruption, capture and undue interference. To guarantee that powerful interests

do not capture the decision-making processes within the regulator, the regulator's autonomy must be ensured through provisions such as a clear separation of regulatory and policy functions, a strong legal mandate, and an independent source of finance free from political considerations. Internal processes within the regulator should also provide for autonomy and guarantee relevant anti-corruption measures in place in regard to managerial decisions (human resources, procurement), competitive recruitment guidelines, transparent salary schemes, etc.

8.2 Regulation for equity

As detailed in Chapter 5, multiple political economy factors mean that poor urban communities usually receive inadequate investment in water and sanitation. Political leaders and utility managers often disproportionately direct resources towards less-poor social groups with a stronger political voice. Regulators can counteract this through regulatory requirements to provide adequate services to all of a city's residents, including those living in informal settlements.

Traditionally, regulation of the water and sanitation sectors has focused primarily on efficiency and quality of the services and consumer protection. However, in recent years the role and impact of regulators for social distribution has been increasingly acknowledged, particularly in developing countries. This has led to more "pro-poor" regulation and growing awareness of the impacts of inadequate (or non-existent) regulation on governance and in the management of water utilities (Nordmann 2013).

However, this is not straightforward, in part because urban water and sanitation regulators are also concerned with the financial viability of service providers. This may work against equity requirements, encouraging regulators and utilities to focus on serving the customers who can pay the most, rather than the residents in most need. Financial viability is indeed critical for effective service provision. Regulators thus need to tread a careful path. On the one hand supporting utilities to achieve and maintain financial viability; on the other hand applying soft persuasion and hard pressure to ensure genuine equity and ensure that the human rights to water and sanitation are met.

There has often been too strong a focus on financial viability and too weak a focus on equity and human rights. Regulatory requirements for equity are often weak and "token", with (a) low service quality standards accepted for informal settlements (e.g. water kiosks and public toilets), (b) regulatory reluctance to authorise cross-subsidising tariff systems, and (c) a lack of performance measurements specific to low-income communities. Arguably, the stronger focus on financial viability comes from above: from specific stakeholders unable or unwilling to promote the allocation of domestic resources for subsidies (the "market solutions" mind-set). Certainly, integrity in urban water and sanitation can only be achieved if regulators take their regulation for equity role very seriously.

Regulators, as part of their mandate, supervise the performance of utilities and service providers. In order to enhance equity, regulators can include indicators that measure the coverage and quality provided in low-income urban areas. Further, rankings and awards given upon the performance of utilities on these indicators may work as incentives to promote the implementation of good practices. An example of how regulators can introduce them within their supervisory framework is the Kenyan regulator WASREB, which has introduced new KPIs for utilities, specifically focused on service coverage and service quality in low-income urban areas (Franceys 2019; WASREB 2020). WASREB does not yet formally include this KPI in the performance rankings, but does include an annex showing all utilities ranked by quality of pro-poor service delivery. WASREB's 2020 utility awards included an award to Nakuru Water & Sanitation Services Company as "best company in pro-poor services".

Kenya's "tenth KPI" initiative (where utilities are mandated to report their efforts to serve low-income areas) is a powerful model for other utilities, even though it has challenges. As seen in Kenya, effective implementation may take time, and questions may be raised about the minimum service standards considered acceptable to count towards this indicator. For such indicators to be effective drivers of change they need to be prioritised in the regulatory framework, and incentives for utilities to report them and improve in their performance should be included. Nonetheless, the introduction of specific pro-poor service indicators is a critical element for achieving integrity in urban water and sanitation.

PH: JONATHAN TORGOVNIK – GETTY IMAGES – IMAGES OF EMPOWERMENT – KOROGOCHO, NAIROBI

Regulating for integrity needs a strong focus on equity and human rights, with service standards, tariffs and indicators that leave no one behind.

Tariff-setting rules defined by the regulator are also important for ensuring that water and sanitation tariffs are affordable for all residents, including the urban poor. This is a complex area, again requiring a careful balance between financial viability and equity. A particular complication here is that widely used rising block tariff models may often be inequitable. In these tariff models monthly water use above a certain threshold is charged at a higher price than under the threshold, on the understanding that poorer households tend to consume less. In fact, poorer urban household are often larger households, or there may be more than one household accessing water from a single yard tap. This means that they often consume more per tap. As a result, these "equitable" models may in fact be anti-equitable, subsidising smaller wealthier households (see Chapter 5.3). A second complication relates to political interference to prevent tariff increases and cross-subsidy models, so that regulators may lack political power to design tariff systems which effectively combine financial viability and equity considerations. But these challenges should not be seen as excuses for inaction. Regulators need to fight to ensure progressive tariff systems, critical for both financial viability and equity, and thus for driving integrity.

Finally, the report has addressed above the importance of minimum service standards for low income urban communities. Urban water and sanitation sectors in low and low to middle income countries have evolved significantly over recent decades, with increasing attention to people living in informal settlements, and with blanket exclusion of informal settlements now thankfully a thing of the past in many countries. But even in those countries which are supposed to include informal settlements in service provision, minimum service standards are usually very low. For example, most low income countries consider water kiosks as an acceptable form of service delivery in low-income settlements, despite the deficiencies of kiosk provision in terms of both consumer experience and public health. An encouraging example here is the City of Maputo (Mozambique), where the utility AdeM has a policy of enabling and supporting household and yard level water connections (as opposed to kiosks) in low-income areas (Madeira 2020). The regulator CRA (now AURA) was instrumental in driving this change. It is a clear demonstration that low-income urban areas don't need to accept second class services. Decent services can and should be provided to low-income settlements, and with appropriate design (including cross-subsidy) this can be fully compatible with the financial viability of the service provider.

8.3 Regulatory roles in combating corruption

The previous section considered the regulator's role in driving equity in urban water and sanitation services provision. This is critical for achieving equity through integrity as defined in Chapter 5. But regulators also have a key role to play in fighting corruption within the water and sanitation sectors, and particularly within utilities and other entities under their mandate.

In Zambia, the regulator NWASCO's annual report makes mention of transparency, accountability, participation and anti-corruption measures, though these are not yet formal, measured indicators. Kenya's regulator WASREB likewise includes utility governance indicators in its annual report (Gakubia 2020).

A key recommendation for regulators to promote integrity within the WASH sector is to pay special attention to procurement practices in utilities. Anti-corruption entities have created "black lists" of contractors that have been involved in malpractice (have failed to comply with the projects efficiently, or have been involved in corrupt scandals) and with whom public entities should not engage in contractual agreements. Other mechanisms such as audits, routine inspections, and comparison of procurement documents and costs across the country are also effective. With these mechanisms, NWASCO identified non-adherence to procurement rules, price inflation and collusion as key concerns. Their analysis revealed reportedly completed projects had not been completed, despite most of the funds having been spent. NWASCO has in some cases used a tender's technical specifications to obtain quotes themselves, and in some cases they have found that the price charged to the utility was double or triple the market price, suggesting collusion between the utility and the supplier. One respondent consulted for this report indicated that "prices may be inflated because the supplier knows they'll have to pay a bribe. It's common to see a 30% mark-up, but with smaller contracts the percentage may be as high as 100%". NWASCO has also found contractors who have not delivered on a contract in one part of the country but who are actually engaged elsewhere, which they attribute to possible political interference favouring a contractor even though the contractor had a poor compliance history (Mbilima 2020).

In order for a regulator to effectively combat corruption among its regulated entities, coordination with other national anti-corruption governmental organisations is beneficial. This coordination can happen through joint training and advocacy, but also through the articulation with national anti-corruption and transparency agendas and programmes. In most countries utilities, as public-owned, mixed enterprises or public service providers, are obliged to comply with open data and transparency standards, and are held accountable by national anti-corruption agencies. WASREB has organised training for

utility officials by the Ethics and Anti-Corruption Commission. NWASCO has similarly tried to work with the national Anti-Corruption Commission, but respondents consulted for this report note a particular challenge. Understanding corruption in the urban water and sanitation sectors requires close involvement of technical specialists (i.e. people who work in the sector). This created some issues because the Commission's Code of Conduct precludes involvement of people who work in the sector. In contrast, NWASCO does have a strong working relationship with the Auditor General (Mbilima 2020).

Regulators can develop standards for the design of integrity management systems for water organisations. Such systems serve to prevent corruption and operationalise integrity values through risk and quality management approaches, including anti-corruption policies, codes of ethics and disclosure, ombuds, corruption reporting channels and corruption prevention training.

WIN has tools to support the implementation of such integrity management risk processes and support regulators in combatting corruption. The first is the InWASH tool for assessment and management of integrity in utilities (discussed in Chapter 9.2), which includes a set of indicators for integrity in utilities. WIN has also been working extensively with regulator and policy making entities in Latin America to promote integrity within these organisations and in the exercise of their functions regulating utilities. The work is leading to the development of adapted Integrity Management Toolboxes. Finally, the Water and Sanitation Integrity Risk Index (WIRI) (discussed in Chapter 6.1) is designed to assess integrity risks at the city level using open data and can be used to identify key risk areas. The Annotated Water Integrity Scan (AWIS), can similarly be used to assess integrity risks, while also serve as a tool for direct engagement with users and sector stakeholders, an important consideration discussed in Chapter 8.4.

In general, regulators are better positioned than many other national level agencies to have more intimate knowledge of the corruption risks in water utilities. By keeping abreast of the latest developments in the anti-corruption space, working closely with relevant entities, and capitalising on their supervision and enforcement powers, regulators can effectively reduce the risk of corruption and support water utilities to meet their economic and social objectives.

Regulators can use WIN's InWASH tool to assess and improve utility integrity, and WIN's Water and Sanitation Integrity Risk Index (WIRI) to assess city level integrity

BOX 11

Utility Governance Assessment Tool developed by WSTF in Kenya

Kenya's Water Sector Trust Fund (WSTF) is an institution under the Ministry of Water & Sanitation and Irrigation, which manages water and sanitation sector investments. Though the WSTF is not a regulator, the Governance Assessment Tool it has developed for evaluating the governance of utilities (and other service providers) is potentially useful to regulators looking at approaches for assessing service provider governance from an integrity perspective. The tool helps investment decision-making, and provides a systematic assessment on the basis of which service providers can make improvements. It covers three broad areas:

DYNAMICS AND RELATIONSHIPS OF INSTITUTIONS AND STAKEHOLDERS ⟶	This component considers the relationship of the water and sanitation service provider with WSTF and other investors, with the regulator WASREB, with the county government, and with its own board of directors.
GOVERNANCE PRINCIPLES ⟶	Transparency, accountability, participation and application of anti-corruption controls to ensure integrity.
PERFORMANCE ASSESSMENT ⟶	Includes components of effectiveness, efficiency, organisation, strategy, commercial management, financial management, and technical operations.

To develop and pilot the tool, the International Centre for Water Management Services (cewas) worked with WSTF and 12 Kenyan utilities for two days each, guiding them and working through the approximately 70 indicators of the tool of the measurement tool. Overall results ranged from 16-74%, with larger utilities generally obtaining higher scores.

Much of the tool is specifically relevant to integrity. One set of indicators is focused on governance and TAPA (Transparency, Accountability, Participation and Anti-corruption), and includes an assessment of whether key procedures are in place, such as the presence of an integrity officer and auditor, evidence of qualified staff, existence of effective processes for consumer consultation and community participation, and provision of key financial information to stakeholders. The existence of adequate procurement procedures is also assessed, such as the number of tenders and whether any were challenged, and the number of contracts with a single bidder.

The WSTF tool was developed based on WASREB corporate governance guidelines and indicators, WIN's Integrity Management Toolbox, and the InWASH tool for evaluating a utility's integrity risks. (See Chapter 9.2 for more details.)

8.4 Giving voice to communities

While regulators generally function at one step removed from the community, it is essential that they listen to all stakeholders' voices. Regulators can make powerful contributions towards transparency and participation, by requiring that service providers have effective mechanisms for stakeholder participation and effective consumer complaints mechanisms, including and following up on indicators of inquiries and complaints; but also by directly consulting with residents and consumers.

In Kenya WASREB monitors electronically how the utilities respond to customer complaints to ensure that complaints are received and promptly resolved. In addition, a series of indicators related to customer complaints response are monitored in periodic evaluations of utilities (WASREB 2019). Customers can also post comments directly on WASREB's website, or send messages via USSD and email. WASREB still feels that the system needs improvements because many customers feel they must visit the office to have their issues resolved (Gakubia 2020). In Zambia comments can be made on the NWASCO Facebook page or website, or through a complaints' handling platform called Mywatsan. This system asks the consumer to include their account number so that their complaint can be referred to the relevant service provider. Like WASREB, NWASCO also monitors utilities' responses to complaints. It has found that feedback within 24 hours is essential, because after this the customer will be uncertain how their issue is being resolved, and they may then start looking for other (potentially corrupt) ways of dealing with their problem (Mbilima 2020). Complaint mechanisms should also incorporate defined procedures for processing complaints, and safeguards to protect complainants from any sort of retribution (WIN 2015).

Regulators should also consult with residents and communities directly. NWASCO forms Water Watch groups, advertising in newspapers to invite applicants, and interviewing to identify suitable individuals. Each city (i.e. each utility) has one group, with members drawn from different areas. The groups are independent, and they are asked to come up with their own group management plans. They receive funding for their activities (e.g. travel and stationery costs), though NWASCO notes that adequate funds are not always available. Their functions include monitoring service delivery (including hours of supply) and providing feedback; monitoring fulfilment of service guarantees and whether the utility is adhering to their terms; and helping to resolve complaints. They specifically monitor issues related to disconnection and reconnection, and report how long customers must wait for a connection once they have paid. They also disseminate information about regulatory functions, and educate communities about consumers' rights and responsibilities (Mbilima 2020; Twyman and Simbeye 2021).

This approach can extend to social audits of service providers, with community representatives closely involved in the audits. In South Africa the International Budget Partnership conducts municipal level social audits of water and sanitation. But it is recognised that more work is needed to create feedback channels and genuine interaction with the authorities over the issues identified (Van der Westhuizen 2020).

A key requirement for genuine community participation is for utilities to publish their performance standards in a form that is readily accessible to non-specialists. This doesn't mean "dumbing down" the indicators. For example, technical metrics around billing efficiency need to be precisely defined and worded. But it does mean that those metrics need to be made available publicly in an attractive reader-friendly format with clear explanations. That might be more effectively done with printed leaflets or newspaper publication than with downloadable PDFs. And genuine participation also means that communities should be consulted about relevant metrics. For example, the utility might not consider "number of disconnections" to be an important metric, but communities might consider it highly important.

To encourage ethical practices, incentivise poor performers, and gain the trust of the public, regulators should monitor, benchmark and report to the public on traceable corporate governance indicators (e.g. on board expenditures and composition) and disclose information on members and decisions. The Honduran regulator ERSAPS recognises that it is easy to misinterpret indicators. So they organise meetings and workshops to go over the indicators with the main municipal service providers (Water and Sanitation Commissions), with Community Water Boards, and with the Supervisory and Control Units. They have participated with the Open Government Initiative to strengthen community participation in decisions associated with improving service provision in each municipality. ERSAPS is also working with the Stockholm International Water Institute (SIWI) and WIN to establish indicators for good practices in accountability and transparency (Espinal G 2020).

To increase community engagement utilities should monitor complaints mechanisms, directly engage with communities and publish performance standards in ways that are understandable.

8.5 Regulators need teeth!

At the beginning of this chapter the report noted the self-description of regulatory roles provided by a group of regulators, including a "supportive rather than punitive role" (WHO 2017). This is true. Regulators and utilities are on the same side, working together to improve urban water and sanitation in the face of enormous financial and political challenges. If regulators are to be effective in driving integrity in urban water and sanitation, they need "teeth". There needs to be real and negative consequences for service providers who are not meeting integrity requirements. Those negative consequences should apply to senior management. Punishing a utility by reducing its funding (for example) is unfair to the residents within that utility's area of responsibility. There is a need to build the capacities of regulatory agencies so that they are able to function with teeth. In many countries the lack of resources and skilled personnel discourage the regulator to take a more proactive role.

Regulators can ensure that water utilities comply with existing rules through a set of instruments including tariff-setting procedures, licensing of utilities, public performance reporting, service standards (e.g. for water quality), regulations and guidelines.

Regulators can hold utilities accountable to standards in "soft" persuasive ways, through inspection visits, ongoing discussions, reports, benchmarking against other utilities in the country and regionally, and awards recognising best practices. The International Benchmarking Network for Water and Sanitation Utilities (IB-NET) provides methodologies for benchmarking (IB-NET n.d.). But regulators can and should be able to apply "hard" pressure as well. Utilities should also be evaluated in view of the specific challenges they face (some work in easier locations, or start from a better place). NWASCO's legal framework provides instruments it can use to penalise and, in the worst case scenario, suspend the utility's license and replace the management and board. Other milder punishments include making the utility comply within a time frame, or a fine that a specific officer needs to pay out of their own pocket. In general, NWASCO seeks to influence through emotional approaches such as publicly naming and shaming poor performers and recognising good performers. A utility that is positively recognised will look good to politicians, and partners will want to work with them. When a utility is struggling, NWASCO can incentivise them to do better, including providing training and grants to fill specific equipment gaps (Mbilima 2020). A utility may be placed on "Special Regulatory Supervision" if inspections reveal significant issues of non-compliance and weak internal control (Mbilima 2020). For WASREB, the annual report likewise has a ranking and naming and shaming function. Awards are made to the three top-performing utilities, and awards are given to those who rank highest in terms of priority targets like reducing losses, customer responsiveness and expanding services to low income areas. The report provides sufficient information so that stakeholders and consumers can ask the utilities specific questions (Gakubia 2020).

BOX 12

Collaboration between regulators and audit authorities

This chapter has focused on the role of regulators in fighting corruption and driving integrity in urban water and sanitation. Closely related to this is the role of audit authorities (see Chapter 7.3). As noted in the Zambia case, NWASCO works closely with the national audit agency, and collaboration between sector regulators and audit authorities is critical in detecting and fighting corruption.

Supreme audit institutions (SAIs) are responsible for auditing government income and expenditures in all public sectors. This helps increase the chances of picking up wrongdoing (Avis, Ferraz and Finan 2018). There are a number of roles for auditors. Most notably, they ensure compliance with established standards, and review the performance of institutions and individuals. A key issue is their independence from those they are auditing, and how their findings are dealt with. Public auditors are employed by the state, but they should ideally have independence roughly equivalent to that of judges (UNODC 2004). Because their reports are generally made public, they can provide the requisite information to residents and prosecutors to hold politicians accountable for wrongdoing. This has proven effective in reducing corruption (Avis, Ferraz and Finan 2018).

The Mexico Federal Audit Board does extensive investigations which are disseminated publicly, and the NGO ControlaTuGobierno follows up with community groups to advocate for the changes recommended by the audits (see Chapter 3.1).

Mozambique has a progressive water regulator and auditor, and the auditor-general had started to engage with civil society to obtain further evidence from social audits. Through development partner cooperation and support to the Administrative Tribunal, links were established with other SAIs, and an increase in the number of audits led to 500 officials being called to account for corrupt practices (OECD 2010).

8.6 Regulation of non-utility service providers

Regulators typically focus on water and sanitation utilities. However, regulatory oversight should also extend to municipal water and sanitation service departments, and to small-scale private actors working under utilities or in areas currently unserved by utilities.

Regulation of municipal service providers

In many contexts municipal service providers raise particular regulatory challenges. This is because of unclear or overlapping mandates, political tensions between national agencies and municipal governments, or legal and administrative complexities of government holding other government agencies accountable. Where a municipality has ultimate responsibility for water and sanitation, but contracts service provision out to an independent utility, the regulatory challenges are less severe, because such utilities typically fall under the mandate of the national regulator. But where municipal service provision remains in-house, it is often the case that regulatory oversight is weak, because the municipality may not recognise the authority of the regulator.

In Mozambique, for example, there have been long-running tensions between the national water regulatory council, the CRA, and major municipalities like Maputo. The municipality has direct responsibility for management of the city's sewerage system, and for provision of non-sewered sanitation services, but has historically not accepted CRA's regulatory authority. However, with the recent reformulation of CRA to Autoridade Reguladora de Águas, Instituto Público (AURA, IP), and other ongoing institutional restructuring in Mozambique, this situation may change.

Somewhat similarly in South Africa, municipal governments are directly responsible for both water and sanitation delivery, but are subject to little effective regulation. The primary responsibility for regulation of water and sanitation services provision, and associated tariffs, currently lies with the national Department of Water and Sanitation (DWS). However, regulation of the water and sanitation sectors is extremely limited in practice. The National Water and Sanitation Master Plan (NW&SMP) 2018-2030 states that "while DWS has worked alongside sector partners in the development of other ambitious regulatory and/or benchmarking databases, such as the National Benchmarking Initiative undertaken by the South African Local Government Association (SALGA), the Water Research Commission (WRC) and the South African Association of Water Utilities (SAAWU), these exercises have unfortunately never achieved full coverage and most have been allowed to lapse."

Dealing with situations of this type is highly challenging, likely requiring high-level political decisions and legislative change to clarify institutional mandates. South Africa's NW&SMP sets out ambitious and far-reaching plans for regulatory reform, but it remains to be seen whether these will translate into effective change. It is certainly the case that municipal governments (unlike utilities) are directly answerable to electorates, so the

situation is objectively different, and may call for another type of regulatory process. Country-specific efforts to deal appropriately with challenges of this type are critical for advancing integrity in urban water and sanitation, and this requires acceptance by municipal governments of rigorous regulation, whether by the national regulator or by another agency.

Regulation of small-scale private sector service providers

Water and sanitation services in urban areas in low and low to middle-income countries are often highly dependent on small-scale service providers, ranging from self-employed individuals (for example door-to-door water vendors) to medium-sized enterprises (such as faecal sludge emptying companies). Private sector providers of this type raise specific challenges for regulators, both in terms of long-term strategic thinking and immediate regulatory oversight.

Here it is worth referring back to the discussion of "formalisation" in Chapter 2.5, which highlighted the equity implications of strategic decisions around expansion of the utility's area of coverage into peripheral parts of the city.

In terms of regulating small-scale service providers, the experience of WASREB is again of interest. WASREB has recently developed guidelines for provision of water and sanitation services in rural and underserved areas such as community and NGO water systems, as well as water provided in housing projects and by individual suppliers (WASREB 2019). It also has guidelines on clustering, defined as "the grouping of a number of water supply and sewerage services within a county or across counties under one statutory/autonomous body in order to achieve commercial viability". WASREB has launched several guidelines to ensure adequate regulation of water vending and other provision arrangements with unknown water quality. More recently, WASREB has provided for the registration of small-scale water service providers under the Athi Works Development Agency. There is also an emerging framework for regulation of small-scale sanitation service providers in Zambia (WSUP 2019, Twyman and Simbeye 2021).

Regulators should develop guidelines for regulating non-utility service providers

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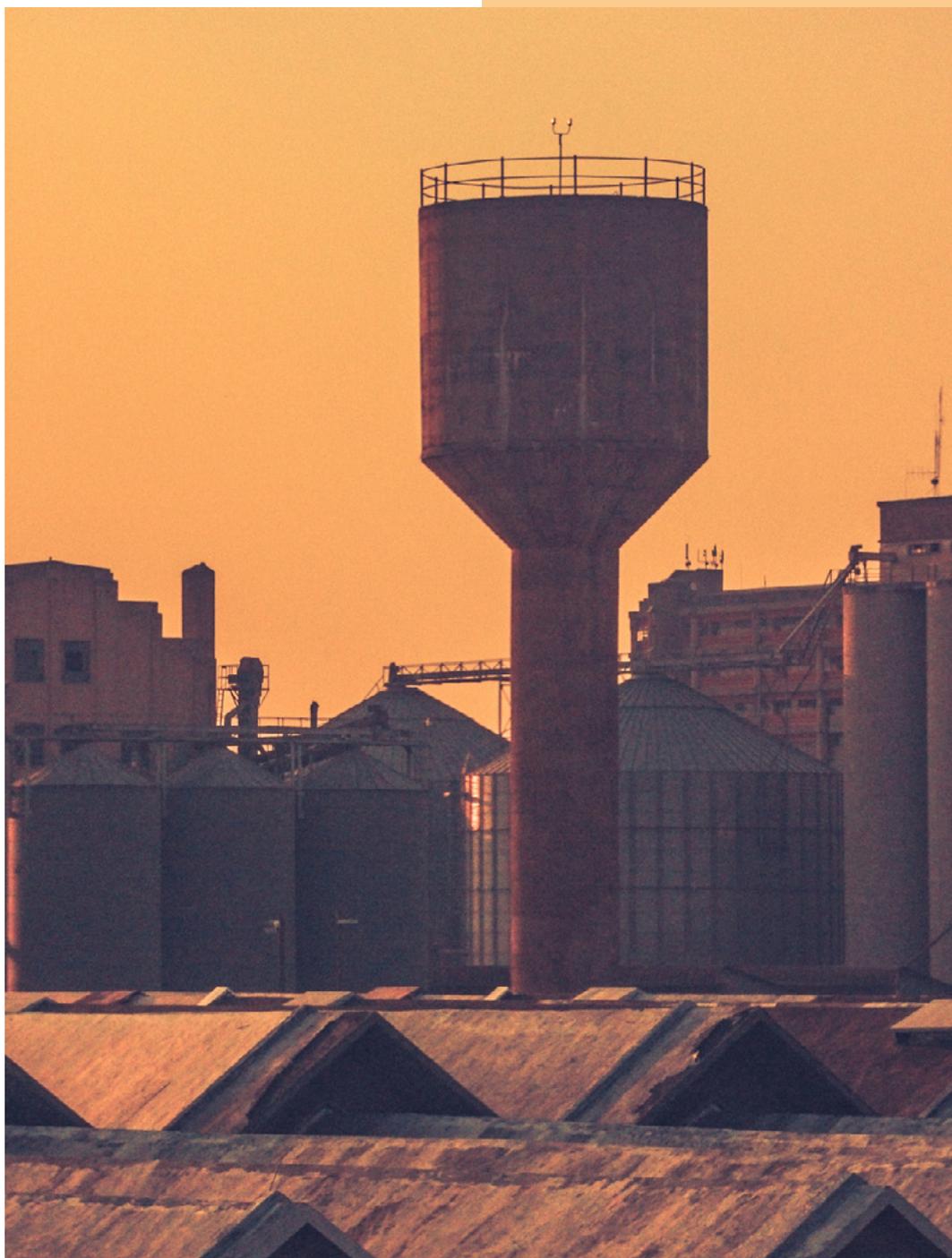
PH: LUSAKA, ZAMBIA

What can utilities do?

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Chapter 9 focuses on what utilities can do to advance integrity in urban water and sanitation. Many utility managers are passionately committed to eradicating corruption and reaching fully equitable coverage, and such individuals can create powerful "islands of integrity" (see Chapter 6.1) even within contexts of systemic corruption. The chapter outlines ways in which utilities can introduce specific measures for combatting corruption, and for supporting equity and integrity.

9.1 Integrity risk assessment

Regulators typically focus on water and sanitation utilities. However, regulatory oversight should also extend to municipal water and sanitation service departments, and to small-scale private actors working under utilities or in areas currently unserved by utilities.

Before turning to anti-corruption measures, it is worth briefly re-visiting the types of corruption that may be affecting a utility's performance, as covered in Chapters 3 and 4 of this report. In designing an anti-corruption strategy it is important for utility managers (and other key actors, such as the board, the regulator, and national anti-corruption agencies) to have a clear understanding of existing problems, including corruption in the procurement of goods or services, or nepotism in recruitment and bribery at the individual-institution interface. Any anti-corruption strategy should be based on a detailed, objective analysis of integrity risks within that organisation's scope of activity. The likelihood and significance of occurrence of the risks must be analysed, and choice of risks to address will account for the existing integrity controls and practices. Identification of corruption and integrity risks should form part of a structured process of change management, as detailed in Chapter 9.2.

An integrity plan or anti-corruption strategy should be based on a detailed integrity risk analysis

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9.2 Creating and implementing anti-corruption change processes

The creation of a culture of integrity within a utility is best done through a structured and multi-year organisational change process. It requires changing attitudes and behaviours throughout the organisation, with broad participation and multiple changes to processes and procedures. These changes are critical not just for achieving integrity, but also for stabilising the utility's revenue generation and business viability.

Figure 10: Integrity change management process
in utilities using InWASH tool

1.

Data collection
and utility integrity
assessment with
indicator framework.

2.

Analysis of assessment
results and identification
of key risk areas.

3.

Identification of most
relevant instruments to
address priority risks.

4.

Implementation of risk
mitigation instruments
with support from
trained coach.

5.

Audit and
progress
evaluation.
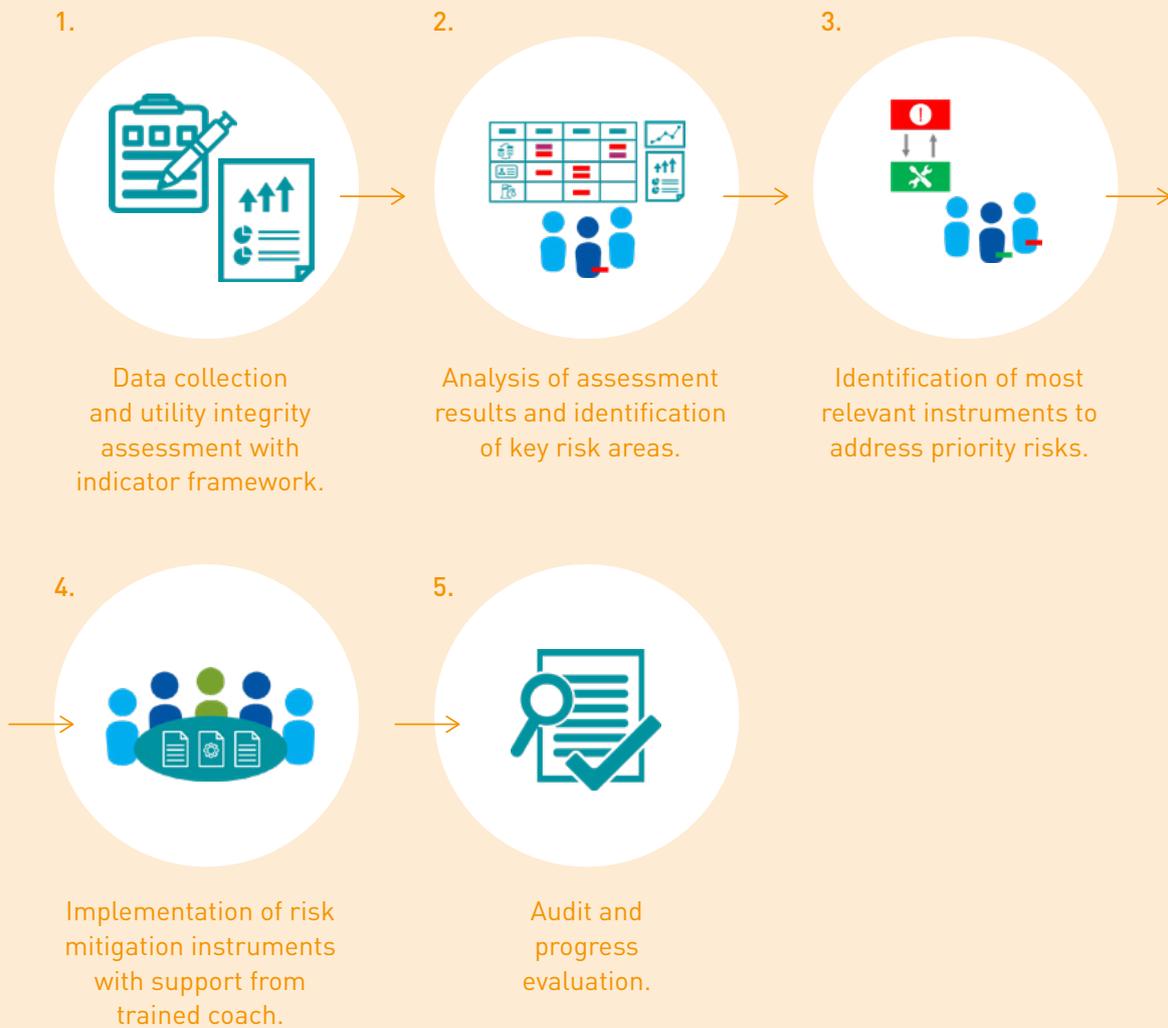
Source: WIN

Developing a culture of integrity needs a structured and multi-year organisational change process

In Bangladesh, the Khulna Water Supply and Sewerage Authority KWASA has applied the Integrity Management Toolbox and, more recently, InWASH as well. The utility, which serves the City of Khulna (population of around 1 million), initiated an integrity change process supported by WIN, the Bangladesh Water Integrity Network (BAWIN) and the Centre for Water Management Services (cewas) in 2015. This is in line with the Bangladesh government's National Integrity Strategy, which urges government institutions to establish anti-corruption and integrity systems, especially through proper implementation of rules and regulations, procedural reform and capacity development. In August 2016, the Managing Director of KWASA, Mohammed Abdullah, spoke at Stockholm World Water Week about his experience in applying integrity tools. He highlighted how KWASA now operates with more transparency, accountability and participation. He drew particular attention to management process changes, including reductions in the delay between water connection request and connection; digitalisation of billing; improvements in billing delivery and in regularisation of unmetered connections; and introduction of an e-procurement system. These improvements have reduced opportunities for corruption (at high and low levels within the utility), and have contributed to KWASA's revenue generation and business viability. Mohammed Abdullah spoke openly about the challenges of introducing an organisational change process of this type. He said, "It's really a bit complicated, because it relates to the morality and honesty of individual staff and management ... To start with we have encountered some difficulties, because the people who are not willing to see the improvement process of KWASA, they're involved with their unethical practices, so naturally they did not want that we should be successful in implementing this integrity change process. That's why they're trying to create some kinds of hindrance. But, however, due to our strong commitment and strong steps, we have taken so many measures to combat unethical practices, so that gradually we will be reaching towards full achievement."

In 2016, as part of a programme of institutional reform and utility strengthening, four Laotian water utilities participated in an integrity management initiative facilitated by the UNDP Water Governance Facility and UN-Habitat. The initiative included both training of trainers at national level, and the application of the Integrity Management Toolbox (IMT). In 2018 three Cambodian utilities were supported with the same process and, in 2019, one utility from Vietnam and one from Laos. Through application of the IMT the utilities developed a business model and identified the seven integrity risks their utilities should address as a priority. They examined the links between the prioritised integrity risks and their business model to understand the potential impact of the risks (revenue loss, unsatisfied customers, etc.). Integrity instruments were identified as mitigation approaches for each risk, such as monitoring of staff performance and satisfaction, improving customer management, and improved meter reading procedures. At the end of the training each utility developed an integrity action plan which they are now implementing.

There are multiple other tools and approaches. What is critical is that top management take a passionate and driven stance to advance the organisation's integrity, whatever specific approach or toolkit is used.

BOX 13

Phnom Penh Water Supply Authority (Cambodia)

Phnom Penh Water Supply Authority (PPWSA) serves around 1.3 million people in Cambodia's capital. Before 1993, malpractice and weak control and management systems resulted in massive inefficiencies. The inefficiencies resulted in high non-revenue water, financial losses, illegal connections, a lack of appropriate billing, and poor network maintenance. However, over a period of 15 years, PPWSA underwent major reforms. These transformed the utility into a successful water service provider. Coverage increased to 90% of the service area. Non-revenue water was reduced to less than 10%. Billing and collection efficiency stands now at almost 100%.

This noticeable performance improvement was achieved through an enabling external framework, including a legal framework ensuring autonomous management based on commercial principles, and the ring-fencing of revenues from water services. This provided strong incentives for the utility to be innovative and perform better. The external framework was complemented by comprehensive internal reforms such as departmental planning and reporting that ensured direct accountability; regular publishing of reports on performance indicators reviewed by the administrative council; independent auditing; and providing regular training of staff under twinning arrangements. Complaint registration kiosks and information campaigns increased accountability to customers. A particularly pertinent step was the formalisation of illegal water vendors via a contract to serve unserved residents in informal settlements (Biswas and Tortejada 2010).

Dealing with nepotism

As discussed in Chapter 3.5, nepotism can be a significant challenge in urban utilities, resulting in staff being recruited not on the basis of their suitability for the role, but because they are family, or otherwise beneficially associated with the recruitment decision maker. The effects may include overstaffing, poorly qualified staff, and overall poor organisational performance. For an urban utility manager committed to driving integrity, this may often be a legacy issue which can be challenging to deal with.

There are red flags by which managers and observers can detect the existence of such practices, such as recruitment without open advertisements; promotions without clear justification, or not following official procedures; the presence on staff of several individuals from the same family; poorly supported disqualification of job applications; staff members that do not meet job requirements; and lack of or non-compliance with HR guidelines (WIN 2019). This practice is often deep-seated and in some contexts may also not be regarded as unethical. In such cases it is important to address the social norms underpinning the behaviour.

An interesting experience comes from a national anti-corruption agency, Indonesia's KPK. As part of a drive to eliminate corruption, KPK implemented radical internal HR reform to deal with nepotism. KPIs were developed for the organisation, cascading down to each department, team and individual. Each staff has five to eight KPIs which are aligned with strategic organisational goals, and are reflected in an annual scorecard. Pay adjustments are made according to performance. To reinforce the service ethic, each salary slip says "My salary comes from the people". This is in contrast to the widespread opinion of many Indonesian government employees that they were the "owners" of the nation and that the public were their "servants" (Schütte 2015).

Addressing petty corruption

New management systems put in place by Joburg Water (a municipal entity wholly owned by the City of Johannesburg) not only improved the utility's performance but also made petty corruption more difficult. The system would not issue material or tools to any plumbers or supervisors without a registered job card. Requests also had to be made through a call centre that registered and recorded jobs. This discouraged, among other things, lobbying by councillors for priority attention (and, sometimes, for illicit private work).

Contract compliance can be strengthened with participation from residents

9.3 Strengthening procurement and contract compliance

The procurement cycle includes planning (pre-tendering), preparation (tendering) and management of contracts. International guidelines emphasise the importance of all stages. Broad principles of transparent procurement have been covered in Chapters 6.3 and 7.1, and these principles also apply to utilities.

An analysis by the EU Court of Auditors of breaches of procurement rules in development projects concluded that the main contract errors had to do with modifications or extensions to the scope of contracts without using the required procurement procedure (OECD 2016). Another common problem is corruption in the fulfilment of service contracts through the substitution of poor materials or through payments not carefully checked against products. This was a problem in a rural Nepal project, when piped reticulation was installed without direct oversight by those who issued the contract. A subsequent inspection found that the pipes had just been left on the ground (Lochery 2020). In Zambia, a water tank was to be constructed in a distant city where payments had been made ahead of the implementation of works. The supplier did not complete the job due to lack of oversight (Mbilima 2020). It is important that there is official verification that works have been done to the contracted quality standard. This can be supported by informal checks by residents. Experience from rural Uganda has indicated that local water committees are able to watch over materials used, and similar approaches may be of value in urban contexts. Participation by residents in procurement processes and subsequent evaluation of contract delivery are addressed in Chapters 11.2 and 11.3.

9.4 Utilities, integrity and the human rights to water and sanitation

In addition to taking action to reduce corruption, utilities need to tackle the integrity and equity issues discussed in Chapter 5: delivering on the human rights to water and sanitation and delivering services equitably for all residents within a utility's service provision area, including those living in informal settlements.

Utilities may face a range of different challenges in relation to informal settlements. They may not have a mandate to provide services in informal settlements, particularly those considered "illegal"; or they may have the responsibility but little commitment or drive to provide such services. In addition, as discussed in Chapter 8.2, utilities are typically required by regulators and government to achieve financial viability. But they also have a social mandate to serve low-income areas with lower potential for revenue generation.

Integrity in urban water and sanitation means allocating resources specifically to the very poor

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Often there is inadequate funding to support this from government, as well as pressure to keep tariffs uncommercially low across the entire customer base. As noted in Chapter 8.2, regulators can drive change here by altering the balance of performance assessment, so that a decent service to low-income areas is given high priority, on a par with financial viability metrics.

Committed utility managers can equally take up the issue of integrity, human rights and equity in service provision. This can involve approaches of the following types (though this is not an exhaustive list):

⟶ Identification of low-income areas and informal settlements within the city, with explicit prioritisation of budget for service delivery to the worst-served communities.

⟶ Rigorous examination of minimum service standards, so that service provision to low-income communities is of a decent quality, and not a cheaper, substandard quality. In this regard, the experience of the Maputo utility AdeM is inspirational. It has an extensive programme of household/yard connection in low-income communities, contrasting with the common acceptance of water kiosks as "good enough" for people living in informal settlements.

⟶ Design and introduction of water and sanitation tariff systems which are cost-reflective overall, and which incorporate internal cross-transfers from non-poor customers (domestic and commercial) to poor residents. As noted in Chapters 5.3 and 8.2, increasing block tariff systems are not always effectively pro-poor. The design of tariff systems needs to be carefully based on an analysis of usage patterns.

⟶ Analysis and transparent publication of data on budget allocations to different communities of the city, so that per-capita investments are open to public analysis and debate, providing a basis for costed action plans for provision of decent water and sanitation services in low-income settlements.

⟶ Development and implementation of specific mechanisms for customer interaction and community participation in ways which encourage incorporation of informal settlements and low-income settlements into the mainstream of service provision, rather than "ghettoisation".

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BOX 14

Fighting corruption and driving equity and integrity – the Amendis experience in Tangiers (Morocco)

In the late 1990s only 70% of the 700,000 inhabitants of Tangiers had water services. The City faced a yearly population growth of 4.4%. The municipal authority decided to reach full coverage; and organised an international tender for a contract covering water supply, wastewater management and electricity supply. The contract was awarded to Amendis (a subsidiary of Veolia) in 2001. The contract term is 25 years, with reviews initially every five years, and now shortened to every three years.

The operator is required to establish, get approval for, and execute a rolling five-year financial plan, an annual budget, and an annual investment plan setting out the population served, new connections, complaint management, network efficiency, etc. The works are subjected to competitive procurement procedures, with an awarding committee including the municipal authority and the operator. At the end of each year the operator shares an investment gap statement that compares the investments planned and implemented.

FOUR LEVELS OF CONTROL HAVE BEEN ESTABLISHED:

⟶ Day-to-day supervision of the operator is done by a municipal staff team that reports to the Chair of the Contract Monitoring Service (SPC) on performance indicators and complaints management.

⟶ The SPC checks expenditure and approves the investments each year, and commissions an annual financial and performance audit of outsourced services. These audits serve as a basis for the contract review.

⟶ A Follow-Up Committee, under the presidency of the Chair of the Urban Territory, is composed of ten representatives of the municipal authority, two representatives of the Ministry of Interior (specifically, the national regulator Direction des Régies et des Services concédés (DRSC), and ten representatives of the operator. The Committee determines required modifications of the programme of works, funding adjustments and tariff-related issues, as well as partnerships with civil society. The Committee meets at least every semester.

⟶ The Chair of the Urban Territory represents the municipality for the duration of the contract, and is competent to approve any decision within the contract.

The tariff structure, including social tariffs, is primarily determined by the municipal authority in negotiation with the operator.

The operator applies strict integrity standards. For example, its HR management system (job descriptions, gender quotas, performance monitoring and annual appraisal, sanctions for unethical behaviour) comply with relevant international standards, Moroccan national legislation, and French anti-bribery legislation. Tools and procedures applied include:

⟶ An Anti-Corruption Code of Conduct.

⟶ An ethics alert system where employees confronted with a serious breach of ethics or compliance can directly and confidentially inform the Veolia Ethics Committee at corporate level.

⟶ A corruption risk mapping workshop, delivered in 2018 to identify the main risks of fraud and/or corruption.

⟶ Procedures and rules regarding commercial intermediaries, sponsorship, patronage and gifts.

⟶ A self-assessment questionnaire on compliance, implemented annually by Amendis' Internal Control Department.

⟶ A compliance training programme, which brought together 100 managers in Tangiers, complemented with two e-learning campaigns (one dedicated to anti-corruption and one to prevention of anti-competitive practices).

As at 2018 near-full-coverage had been achieved for 1.2 million inhabitants (a 70% increase since 2001), including 54,000 social connections. This is despite dramatic population growth over the contract period. Customer satisfaction is now at 80% (Veolia 2020).

PH: RAFAEL CARLOS GAVIRIA SANTOS, MEXICO CITY, MEXICO (~2020)

The role of international funders and agencies

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Chapter 10 considers the role of international funders and agencies (such as international NGOs) in advancing integrity in urban water and sanitation. Integrity issues are of significant concern to development funders and NGOs, both in relation to external partners with whom they work, and internal to their own organisations. Unfortunately, these groups may be wary of addressing corruption and integrity issues with partner organisations they support because of a fear that raising these issues may result in harassment or in-country access being shut down. This chapter outlines ways in which development funders and NGOs can assess their practices and strive for extensive and committed integrity action.

10.1 Integrity issues affecting international funders and NGOs

A number of examples in Part II of this report outline some of the integrity risks facing development actors (including NGOs, UN agencies, development banks and bilateral funding agencies). This chapter outlines possible approaches for combating corruption (Chapter 10.2), approaches for advancing integrity more widely (Chapter 10.3), and promoting integrity with local partners (Chapter 10.4).

10.2 Dealing with corruption risks

Development actors at all levels need robust systems to eliminate corruption within their own organisations, but also to ensure that they are not facilitating or perpetuating it within the contexts in which they work. An important step in this direction is the Paris Declaration on Aid. It commits donors and partners to mutual accountability, and to assess progress of aid programmes through objective country level mechanisms. Both donors and partners commit to fight corruption. For donors this includes providing information to enable developing country partners to track donor expenditures and audit programs (OECD 2005).

Major bilateral funders have stringent anti-corruption processes in place, requiring grantees to immediately notify the funder in cases of suspected corruption. These systems generally function well, but corruption can and does occur with development agencies (Sandbrook 2017). The USAID Office of Inspector General and justice department prosecutors recently charged an individual for bribery involving USAID financing for refugees from Syria. This individual admitted to bribing NGO officials to obtain confidential procurement information such as specifications, internal vendor rankings and bid evaluations, and then providing this to preferred companies in exchange for kickbacks (US Department of Justice 2021).

The major development banks also have strong procedures in place for combating corruption among contracted partners and collaborating partners, though these are not fool-proof. For example, the Inter-American Development Bank (IADB) has an Independent Consultation and Investigation Mechanism (MICI) and oversight bodies that receive comments of concern about compliance failures or potential harmful effects of IADB funding (Inter-American Development Bank 2020). The World Bank has a Procurement Department to help partner countries ensure adequate use of public resources in Bank-financed projects, and to encourage reforms of the countries' procurement ecosystems. The World Bank Procurement Framework includes several elements, such as the

Systematic Tracking of Exchanges in Procurement (STEP). STEP enables auto-publication of approved procurement plans, publication notices and contract award information on the Bank's external website. It encourages walking through an entire procurement cycle, and lists firms that have been debarred (World Bank 2015). Where integrity failures arise, response mechanisms exist. For example, a Chinese engineering company that had won a contract for a waste transmission pipeline in Kenya was given an indefinite ban by the African Development Bank (AfDB) owing to misrepresentation in a Uganda infrastructure bid (Ngugi 2020). Similarly, the AfDB debarred a Scandinavian contractor for 21 months after its Office of Integrity and Anti-Corruption found evidence that the company had given financial rewards to Mauritian government officials for inside information on tenders for construction of a power generation plant. Because of agreements between the development banks, debarment applies to contracts by all development banks (AFDB 2020). The AfDB provides a period of time for the companies to enhance integrity compliance and have the ban lifted pending a successful review.

Dealing with corruption within a development agency's wider context of work is a more challenging issue. Insights obtained from a number of senior-level development practitioners who work, or previously worked, in urban water and sanitation, point to a perceived need for an overhaul of incentive structures by aid funders that may lead to short-term project thinking. For example, the incentive to report high numbers of beneficiaries at a low cost-per-person can lead to quick-fix approaches, rather than a more long-term approach focused on building sustainable local systems for urban water and sanitation delivery: not just "taps and toilets". A good place to start would be to ensure commitment and resources to post-project monitoring, and to set up accountability mechanisms over the longer term to ensure functionality of the infrastructure and continuity of services.

General integrity guidelines for development actors have been produced by the OECD (OECD 2016). Actors can consult and adapt the guidelines to their own context. The document includes a recommendation for "active and systematic assessment and management of corruption risks in an ongoing way and at multiple levels of decision-making, which should integrate corruption risk assessment into all programme planning and management cycles in formalised ways, informing relevant hierarchical levels within the international development agency, assuring analysis and review of corruption risk throughout the project cycle, and not as a stand-alone exercise at the project design phase." There is a clear need for more widespread anti-corruption and integrity training, both within development agencies and in the organisations they work with or contract.

There is also a need for greater support to research into the gendered aspects of corruption and the best ways to deal with such challenges. Promoting gender equity has been shown to reduce integrity risks. Bringing in more women, or otherwise increasing diversity in management and leadership structures, breaks the networks that support corruption. Thus, anti-corruption and gender equality programmes can be mutually reinforcing. Gender equality benefits from a more diverse working environment, which in turn reduces the risks of corruption (UNODC 2020).

An integrity approach for development partners should include systematic risk management, not only in planning phase, as well as integrity training internally and for partners or organisations they work with or contract

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10.3 Integrity and equity

Many development actors work primarily alongside institutions like utilities, and this makes sense as a pathway to building sustainable service delivery systems. Some utilities have received significant capacity support over the years, and yet they still show deeply entrenched corruption and minimal progress in improving services for the poor. Integrity management involves building the capacity of stakeholders, including the urban poor, to participate, monitor and hold service providers accountable. If development actors align with this approach, rather than focusing primarily on infrastructure construction, they will support integrity in water and sanitation delivery. Given the complexity of integrity management in urban water and sanitation, local groups may be in a good position to effectively understand service levels, convey the voices of residents, and hold service providers accountable. Chapter 11 highlights the importance of residents, civil society groups and progressive media in this regard.

Integrity specialist Jeremy Sandbrook argues that a core problem for international actors (emphasising NGOs in this case) is a lack of accountability, and suggests that the solutions include improvements to downward accountability and transparent scrutiny (Sandbrook 2017):

STRENGTHENING DOWNWARD ACCOUNTABILITY ⟶	Placing too much focus solely on upward accountability, based on contractual obligations to donors, can be counter-productive. While beneficiaries as a group traditionally have little influence, they are a powerful tool to ensure an NGO is held to account. Refocusing an accountability system to include upward and downward accountability mechanisms provides an extra layer of checks and balances, while at the same time providing a 360-degree feedback on an NGO's actions. (A guidance note on this point is available from the Anti-Corruption Guidance Centre) (Chêne 2013).
OPENING NGOS UP TO AN APPROPRIATE LEVEL OF TRANSPARENT SCRUTINY ⟶	With few legal frameworks holding NGOs to account, the adoption of voluntary basic principles and minimum standards can be insufficient to guarantee accountability. In the absence of such legal protections, transparency plays a vital role in the process. NGOs should develop mechanisms to increase transparency regarding the details of their operations.

NGOs have been aware of a growing demand for downward accountability, and some steps are being taken. One such effort is to systematically provide information and open up feedback through surveys of local NGOs carried out by Keystone Accountability about international NGO operations. Partners are asked to rate and comment confidentially on different aspects of the international NGO's performance. This information is published and used by international NGOs to improve management processes. To date 78 organisations have taken the survey (including Plan International, Oxfam International and Save the Children [UK, US and International]), and 18 have repeated the process.

A number of international NGOs have formed a collaboration called Accountable Now. It rates participating NGOs on their accountability practices related to partnerships, environmental practices, complaint mechanisms and stakeholder engagements. It includes a child-friendly mechanism with simpler language documents for child participants to give feedback, and a whistle-blower mechanism for staff to raise serious issues (Accountable Now n.d.). Integritas360 has partnered with Whispli to develop a secure and anonymous communication system for whistle-blowers to report corruption and any other unethical behaviour (Integritas360 2021).

BOX 15

A Bolivian initiative to strengthen downward accountability

The Gestión Ambiental Municipal (Municipal Environmental Management) project managed by the Swiss development agency Helvetas provides a good example of strong elements of citizen participation and "downward accountability" (del Castillo 2020; Helvetas 2019). It focuses on the development of sustainable sanitation and solid waste management services (garbage services) in urban areas across Bolivia. The project envisions social participation as a core process by which people become more educated and manage waste responsibly. This is against a historical backdrop of weak management of facilities for wastewater treatment and solid waste processing. Responsibilities were not always clearly allocated among different municipalities. It was difficult to access clear reports on their operations. In many cases, solid waste operators claimed payments for services they had not actually delivered. Residents were often unaware of their rights and which government officials they needed to talk to.

The project placed a strong focus on the inclusion of disadvantaged groups in decision-making and monitoring. An evaluation confirmed that while women have the predominant role in household care, waste disposal and health maintenance, their participation in community decision-making had been very limited.

The project fostered the engagement of Territorial Base Organisations (OTBs) with the local government, utilities, and project staff. OTBs were established in 1994 as part of the Law of Popular Participation, in which they participated with local governments in managing significant funding at different stages of the public management cycle. They are formed independently in each rural and urban community, and they are the primary social organisation that interfaces with local government. Schools were also actively engaged in the project, and social mobilisation activities created a climate of public discussion about co-responsibilities in environmental management.

An important part of the project was the introduction of tariffs for environmental services. Previously only 4% of the actual costs were paid through fees, and residents had little idea of the need to pay. Through education on the actual costs and the possibility of different levels of services for different prices, residents have become increasingly willing to pay. They now cover about 50% of the total costs. This investment helps create a sense of ownership.

The project has also led to increased awareness of residents' rights to services and information. Residents now actively monitor waste collection commitments and have an increased ability to hold government officials accountable. Roles, responsibilities and procedures of local governments are now more clearly allocated, and the university provides training to staff to support investment proposals.

Downward accountability and transparent scrutiny strengthens integrity inside international funders and agencies

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10.4 Promoting integrity with local partners

Organisations working in urban water and sanitation sometimes choose not to raise issues of integrity due to a concern about alienating local partners or even losing the ability to continue in-country operations. And yet, development actors in urban water and sanitation have an opportunity to drive greater integrity amongst their partners. How this is done is a question of strategy, and at times there is a need to identify and directly address corrupt practices. But a preventive approach is an important place to start.

For example, capacity strengthening initiatives to support a utility should consider not just technical issues, but also integrity management. A good example here is WIN's support for integrity management in the Khulna (Bangladesh) Water Supply and Sewerage Authority (KWASA), discussed in Chapter 9.2. Where a development agency feels unable to address these issues itself, it may consider collaboration with a specialist integrity organisation.

An integrity management process draws on an analysis of the specific roles and mutual accountabilities between stakeholders in the water and sanitation sector and on an assessment of context-specific risks and opportunities. This was broadly the approach used in the training of utility managers in South East Asia as reported in Chapter 9.3. Chhay Vuchnea, an officer in the Department of Water Supply in Cambodia and facilitator in the training exercise, reported that, "I think it was very useful for the utilities to see how lack of integrity can affect their performance and how the risks

can be tackled". According to Sann Sokkun, Head of Accounting at the Kompong Thom water utility, "We had a very good discussion in our group, analysing the risks of our utility. One main priority is to strengthen the capacity of our staff."

The focus of this approach is on strengthening integrity to help achieve goals in the water and sanitation sector, but integrity should be recognised as an inherent capacity throughout society. It requires appropriate ways to be encouraged and drawn out. As stated by one regulatory executive: These values such as honesty and integrity are part of the education of every individual from their childhood. It is difficult to behave with integrity if you don't have seemly principles and values. If you don't have moral values as part of your personal education you won't easily change your behaviour as an adult, or adopt ethical behaviour if you become a public official —Espinal G 2020.

PH: GREGORIO DANTES, CLEAN UP DRIVE, MANILA, PHILIPPINES (~2013)

The experiences of many in the field suggest that a good approach to the integrity/anti-corruption agenda is to have a positive focus on building capacities to achieve water and sanitation delivery targets, and to be cautious when introducing the issue of corruption as it is very sensitive and can detract from constructive outcomes. As stated by another regulatory executive:

The sector is always challenged by governance, but just mentioning governance doesn't take us anywhere. We need to focus on what aspects need to be improved. We produce technical guidelines, but then we have to go enforce them, on people that you know can actually do what you are telling them. You have to follow up. Don't always mention corruption or integrity, just results. The moment you mention the c-word, they become sensitive, and forget they have to do a job and reach outputs.

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— Eng. Robert Gakubia, Former CEO of WASREB, Kenya

A focus on enhancing performance and specific areas of governance may be a starting point to build an integrity management strategy. There is usually strong motivation to address performance indicators because they form the bottom line of commercial utilities, and they are key pressure points for politicians and the public. This is not to suggest that corruption should never be on the agenda, but rather that the approach should be gradual and very much attuned to the environment and openings that present themselves.

Most countries have made progress on some aspects of integrity, and there are usually people who are interested in doing more. Building on these positive capacities may be a better investment than trying to intervene after the fact on corruption. There may need to be complementary roles with some agencies playing the "good cop" that tries to communicate with and engage stakeholders to promote integrity; and others playing the "bad cop" that bluntly and rigorously identifies shortcomings and prosecutes illegal acts.

A focus on building professionalism in order to achieve performance indicators is a useful entry point for integrity and anti-corruption initiatives

PH: JAMES KIYIMBA, MAPPING WASH PRIOIRITIES, KAWEMPE, KAMPALA, UGANDA (~2019)

What can residents, civil society and the media do?

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Chapter 11 considers the role of urban residents, civil society and the media in advancing integrity in urban water and sanitation. In countries with entrenched systemic corruption from the highest levels of power down, institutions are unlikely to introduce radical change. Corruption is fundamental to systems of power. Even in countries without systemic corruption, corrupt institutions and corrupt public officials may not change their behaviour unless forced to do so by public pressure. In order to achieve integrity in urban water and sanitation, and to achieve decent services for all, citizen power is essential: individual residents, civil society organisations (CSOs) and the media can work together to drive change from the ground up.

This chapter documents inspirational experiences, and outlines ways in which residents themselves can fight corruption and demand their basic right to decent water and sanitation services.

11.1 The role of urban residents, CSOs and the media in driving integrity initiatives

Other chapters of Part III discuss the roles of municipalities, national governments, regulators, utilities and development agencies. In all cases integrity is greatly strengthened by building strong relationships with residents and civil society. Residents' voice is fundamental to fighting corruption and achieving integrity. As discussed in Chapter 5.2, people living in informal settlements are marginalised and given less voice than other residents, but they are by no means the only marginalised group in urban areas. In many contexts the voices of women, the elderly and people with disabilities are also marginalised, as are the voices of people from particular ethnic or religious groups. And, in some countries, independent civil society organisations (CSOs) and a free media are simply not allowed to exist. Residents and civil society in such countries face greater challenges. In the most extreme contexts, fighting for one's rights may put one's livelihood, physical security and even life at risk. There is evidence of killings of anti-corruption activists involved in campaigning for water and environmental rights from a range of countries including Mexico, Iraq and South Africa (Mexico News Daily 2020; Anadolu Agency 2018; Burger 2019). Such killings are deeply shocking criminal acts. In countries where risks of this type exist the moral responsibility lies with governments, the private sector and influential international players to stand up against such outrages.

This chapter discusses how residents, CSOs and the media can fight for equitable services and against corruption in urban water and sanitation. It highlights the critical importance of active support from development actors (UN agencies, development banks, bilateral funders, NGOs).

11.2 Community participation in service design and investment decisions

All urban residents should be given the opportunity to participate actively in decision-making around service design and investments in water and sanitation. This is especially true of residents of informal settlements and other marginalised groups because their voices are often not heard. Here one is at the boundary between the action of residents and progressive institutional change. Poor urban residents need to demand a voice. Institutions need to encourage that voice, and act in response to it. (For discussion on residents' participation from the perspectives of specific institutional actors, see Chapters 6.6 for municipal governments, 8.4 for regulators, 9.4 for utilities, and 10.3 for development agencies.)

Developing participatory processes is both a science and an art, and learning this can take time, especially for officials who are more used to bureaucratic procedures. NGOs often have more expertise in facilitating participation. Caution is needed to avoid conducting exercises that end up co-opting residents into previously formulated conclusions (Mitlin and Thompson 1994). Lack of participation may increase integrity risks. Failure to adequately cultivate residents' participation may reflect a lack of understanding of how to develop participatory processes. But it also can be a deliberate cover for non-transparent practices.

The principles of participation are essentially the same in the urban water and sanitation context as more widely. For organisations wishing to support residents' participation processes, the following questions are important (Wandersman and Florin 2000):

⟶ What are the characteristics of those who participate or don't, and their reasons why they do or do not participate? Are women and/or other marginalised groups typically excluded and, if so, how can this be overcome?

⟶ What are the characteristics of organisations or environments that facilitate or block effective participation, particularly those that can sustain participation over time?

⟶ What are the effects of different forms of participation, the costs and benefits for the individual who participates, and the effect on programmes and communities where it occurs?

In responding to these questions, the following points are relevant:

MOTIVATION FOR VOLUNTARY PARTICIPATION

A key issue that arises in any process of community participation is the motivation for the individual to participate. The more community members feel a sense of ownership of the wider process, the more willing they will be to participate. Participation may be channelled in many ways, including group meetings, online discussions, community-led inspections and monitoring, and research. In some cases providing incentives or payments for participation may be justifiable, but it may lessen buy-in, and may not be sustainable. It is particularly important to understand the motivation and possibilities for women to participate as they tend to bear most responsibility for water and sanitation, and should be accommodated and encouraged to play leading roles in community and governance processes. It is common for participatory processes to depend on a limited number of individuals who often have connections with those in high positions, or who gain rewards from the process. Such individuals may have passionate commitment and develop valuable knowledge and skills, but their dominance may hinder genuine representation from a wider community.

SERVICE DELIVERY IMPROVEMENT

Involvement of residents and civil society is generally motivated by their own interest in improving service delivery. "Nobody is wise enough, nobody is good enough, and nobody cares enough about you, for you to turn over to them your future or your destiny" (Mays 2000).

THE MOTIVATION AND WILLINGNESS OF OFFICIALS

It may be difficult for some officials of utilities and local governments to become accustomed to residents questioning their work and decisions, particularly when those individuals are women or when they are from lower socio-economic backgrounds. Furthermore, some officials may have corrupt interests in keeping things as they are, and want to avoid transparency and change. A central condition of participatory monitoring is the willingness of key individuals in authority to actively and openly participate themselves.

SURVEYING THE CONTEXT TO DETERMINE POLICY SPACES

In any given context, certain types of participation may not be possible under current political realities. But other types of participation may be possible. For example, in Uganda, the national water utility NWSC was not keen to see the introduction of an independent regulator, but was comfortable with the creation by the Ministry of Water and Environment of a multi-stakeholder Good Governance Working Group that included elements of residents' participation (WIN 2017). Sometimes the available channel may be participation in committees. In France, residents form part of the administrative boards of water utilities, of river basin agencies, and of the regulator (Crespi 2020).

BOX 16

Residents' involvement in procurement

An area with strong potential for fighting corruption and driving integrity is involvement of residents in procurement decision-making, whether in a co-decision role or an oversight role. This is of particular interest in urban water and sanitation in view of the importance of physical infrastructure and the high frequency of poor quality, as noted by many of the respondents contacted in the preparation of this report. Substandard delivery of construction contracts can often be a sign of procurement corruption, as discussed in Chapter 3.4.

Residents' participation in procurement can be challenging because of the technical nature of tendering processes, traditions of keeping these processes confidential, and the potential for residents to bring their own vested and/or corrupt interests to the table. There is little evidence of cases of formalised resident decision-making in procurement in urban water and sanitation, but civil society oversight is certainly increasingly practiced. The work of the Open Contracting Partnership and the CIVICUS tool for community-led procurement are inspiring in this regard (Malena and Holloway n.d.). Integrity Pacts (WIN n.d), which include aspects of civil society monitoring of the procurement process are also useful tools.

BOX 17

Infrastructure Transparency Initiative

The Infrastructure Transparency Initiative (CoST) is an international initiative to enhance transparency and value for money in the delivery of public infrastructure. CoST works with government, the private sector and civil society to promote the disclosure, validation and interpretation of data from infrastructure projects. This helps to inform and empower residents to hold decision makers to account. In addition to working at the national level on four continents, CoST works internationally to facilitate global exchange of experience and knowledge on transparency and accountability in public infrastructure.

CoST has developed an Infrastructure Data Standard (IDS) which is designed to put data into a format that is accessible, understandable and applicable for both policy makers and the public. The intention is to improve transparency in public infrastructure investment and decision-making by public officials. The IDS sets out the data to be disclosed at each stage of the project cycle (from inception to completion), in addition to data from the principal contracts (typically design, construction and supervision).

BOX 18

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Using integrity tools to jointly assess risk areas and plan water sector programmes

The Annotated Water Integrity Scan (AWIS) is quick participatory assessment of the integrity situation in the water sector at national or local level, to build awareness and a common understanding of key integrity challenges and to plan for action. The tool can be implemented by any stakeholder and has been used by a number of civil society organisations, for example KEWASNET in Kenya in 2011, or the Partenariat National de l'Eau du Benin (PNE Benin) in 2017, to put integrity on the table and incentivise work on the topic (WIN 2020) in sector reform plan or municipal WASH plans. The tool is designed to bring to light differing understandings of integrity risks in a specific area or sub-sector and works best when used to bring different stakeholders together, including civil society representatives. Users of the tool specifically examine levels of Transparency, Accountability, Participation, and Inclusion in different governance areas.

11.3 Community participation in service monitoring and investment audits

Urban residents and civil society can usefully participate in service monitoring and investment audits. This can be achieved in many ways, including through user complaint mechanisms, establishment of water user groups, social audits, community score cards, citizen report cards, public hearings, participatory budgeting, budget monitoring, and community monitoring of procurement and infrastructure development (Otto, et al. n.d.).

The first example illustrates a large-scale nationally-led approach to encourage and enable community involvement in the monitoring of public services. Cambodia's Social Accountability Framework (SAF) aimed to reduce poverty through democratic, inclusive, and equitable local governance and more accessible and equitable public service delivery. A three-year implementation plan was

designed through a consultative process between development partners, civil society and the Secretariat of the National Committee for Sub-National Democratic Development (NCDDS). The plan was incorporated into the Second Implementation Plan (IP3-II) of the National Program for Sub-National Democratic Development (NPSNDD). CARE International and other NGOs collaborated with various local NGOs and CBOs to deliver work under this framework. Central to the programme were citizen scorecards by which people were encouraged to rate improvement towards specified targets (for example, provision of hygienic toilets in school and healthcare facilities). This was structured around community meetings. Residents reported that service provider staff were friendlier and more willing to provide explanations; that it was easier to receive civil documents; that health centre charges became more affordable; and that schools constructed more and better toilets. The most effective interventions included Information for Citizens (I4C), community scorecards, and a Joint Accountability Action Plan (CARE 2018).

Community monitoring of water quality and basic services can be taken a step further. Urban residents can be provided with the tools to themselves become data collectors (Sachdev 2017). In Costa Rica, for example, residents measure levels of herbicides and pesticides in their drinking water. In Mumbai (India), with serious monsoon flooding problems, a number of crowd-sourcing apps are available to track flooding, waterlogging and flood-associated potholes in roads. Integrity Action has a number of programmes and tools for citizens or Integrity Clubs to monitor aspects of service delivery, also for water and sanitation. At present initiatives of this type are often at small-scale. But the rapid extension of smartphone technologies offers enormous potential for wide-ranging collection of data about environmental quality issues and the quality of basic services (Williams 2013).

There have been a number of interesting cases of direct residents' involvement in evaluating the delivery of public contracts through social audits, as detailed in BOX 19 (South Africa) and BOX 20 (Tanzania). Social audits, which involve the direct and formalised involvement of residents in evaluating the delivery of public contracts, have very strong potential for combating corruption and driving integrity.

BOX 19

Social audits in South Africa

More than 2 million South Africans live in informal settlements with communal toilets and inadequate access to clean water. To improve service delivery and accountability the International Budget Partnership (IBP) and its civil society partners supported development of community-led social budget audits in six metropolitan municipalities across South Africa (Van der Westhuizen 2020). In these audits, communities compare the services they receive against what is stated in official government documents (such as bid specifications or contracts).

In the Ekurhuleni Metro, 13 informal settlement communities examined the provision and servicing of communal chemical toilets by contractors. One hundred and fifty-seven community data collection volunteers tested the state of the communal toilets and reported back to 20,000 residents. IBP and its partners used the data to produce reports on the state of chemical toilets, and the areas where implementation fell short of policy promises. These reports were the basis for a dialogue with local politicians and the City's Water and Sanitation Department. In June 2019 the national Water and Sanitation Department developed a new contract based on social audit recommendations. The contract, covering 119 informal settlements and 600,000 people, includes better working conditions for cleaners, more accessible service delivery schedules posted directly on the toilets, and more accessible toilets for people with disabilities. Communities continue to be involved in monitoring the implementation of these promises.

The Ekurhuleni Metro case illustrates some key lessons for successful social audits. Social audits allow for the collection of data on the ground, and create a space for feedback on the quality and quantity of services delivered. The audits in Ekurhuleni revealed that the chemical toilets are inaccessible for many people with disabilities, and that the lack of lights made them unsafe during certain times. The community-led data gathering process also allows communities to take ownership of the findings. In Ekurhuleni communities were not only involved in producing the data, but also in shaping the recommendations, and in communicating these to officials. Audits will only be effective if communities develop a sense of collective agency, safety and confidence. One way to foster this is to engage with communities that are already connected and with whom there are established trust relationships. Finally, cooperative relationships between communities and government improve the efficiency of social audits, and significantly reduce transaction costs.

BOX 20

Social audits in Tanzania

The following case study draws on the experience of the Tanzanian women's CSO TAWEA, and it shows effective use of social audits alongside the Public Expenditure Tracking System (PETS) approach. These approaches were applied in Kigoma-Ujiji and Morogoro municipalities in 2018 and 2019. These are medium-sized towns with populations of 215,000 and 316,000 respectively. Both face severe water and sanitation challenges, such as poor and inadequate water infrastructure, water pollution, water rationing, over-estimated water bills, inactive and slow customer complaint mechanisms, as well as a lack of basic knowledge about water and sanitation among residents. There is also a lack of transparency, especially regarding documentation of water and sanitation projects implemented in these areas.

TAWEA's approach included: inception meetings with government authorities; awareness creation with community members; selection and training of committee members; data collection from duty-bearers using community score cards; data analysis; and reporting and dissemination through radio/TV programmes and district, regional and national water forums. Some duty-bearers responded negatively to the process because some of the issues raised suggested integrity failures, which might expose duty-bearers to legal or disciplinary action. Some duty-bearers felt that certain project documents, particularly those including financial information, were too sensitive to be made public. Additionally, some information on water and sanitation projects was not available because of poor record-keeping and coordination.

KEY OUTCOMES OF THIS PROCESS WERE:

——> Residents were able to access some financial information and government plans for improving water and sanitation services in the two municipalities, paving the way for greater transparency and accountability.

——> Duty-bearers started to make regular visits to the areas with water supply maintenance issues.

——> Complaint mechanisms were improved and used by residents.

——> The problem of over-estimated water bills was reduced.

⟶ Authorities increased monitoring of water prices in kiosks as agreed, and in a participatory manner.

⟶ The authorities reinitiated water treatment in the tanks in areas which complained about this issue.

⟶ Water and sanitation advocacy meetings became established (particularly around water pricing and protection of water sources).

⟶ Media and stakeholder engagement increased.

⟶ Processing of water user permits by water basin offices was improved.

The sustainability of these advances lies centrally in the hands of key local committee members – popularly known as "water wirelesses" – who continue to monitor the water and sanitation situations in their communities, and coordinate reporting of issues to the authorities.

Budget tracking by civil society can be of great value for identifying corruption and integrity risks. An interesting study of this type was carried out by the Anti-Corruption Coalition Uganda (ACCU) (ACCU 2009). This study focused on rural areas; but the approach can be applied in urban contexts. The findings not only identified likely instances of corruption, but also generated useful information failures in the remittance of national funds to local level. Limitations were noted in the budget and planning process in capturing local district priorities and accountability, and in the quality of record-keeping and the visibility of budget information. Poor procurements at district level led to significant leakages of funds. The report recommended greater access for local government and civil society to the quarterly financial releases from the Ministry of Finance, and Integrity Pacts in procurement of goods and services: "the Ministry of Water and Environment and the Civil Society should institute collaborative networks to carry out governance audits of the Water and Sanitation sector and share such information in order to close loopholes for leakage."

Budget tracking should actively involve residents, communities and organised civil society. Such participatory budget tracking may tie to participatory procurement processes, and participatory tracking of contract compliance and service levels. In South Africa the International Budget Partnership (IBP) conducts municipal level social audits of water and sanitation, though IBP experts note that much remains to be done to create feedback channels and interaction with authorities over the issues identified (Van der Westhuizen 2020).

Social audits and budget tracking can be highly effective tools to build integrity and improve service, especially when they actively involve residents and support establishment of good relationships between communities and institutions

11.4 People power: demanding one's rights

This chapter has so far considered collaborative processes, in which civil society actors work to increase the voice of residents by mediating between communities and authorities. But in some situations, residents are left with little alternative than to demand their rights through protest. Often, this may be in alliance with the media, as discussed in Chapter 11.5.

In 2013, the Zimbabwe government received a USD 144 million loan from China to expand a water and sewerage reticulation system and help address a shortage of water supplies in Harare townships. After several years, newspaper editorials reported that money was being misused, and that no noticeable improvements were being made (The Herald 2017). The Combined Harare Residents Association (CHRA) organised a demonstration at the City Hall, with residents complaining that they would all have to repay the loan even though they had received no benefits. It was suggested that the only visible outcome of the investment was a fleet of luxury vehicles being used by officials. When this was brought to Harare City Council, an investigative committee was established. The committee released a report which found that the project was behind schedule, had not delivered tangible improvements, and that cars that were part of the loan contract had been purchased without following proper procurement procedures. The operation was found to be non-transparent, and some of its aspects were not part of the intended priorities.

In October 2020, thousands of workers and trade union members took to the streets to protest against rampant corruption in South Africa. Also in October, members and supporters of the social movement Abahlali BaseMjondolo (ABM) marched in Durban to protest against corruption and evictions. ABM wanted missing public funds recovered, including USD49 million from the eThekwini Water and Sanitation Unit. Deputy President of ABM, Mqapheli Bonono, said the money was needed "to support the water and sanitation needs of our settlements and our townships under the transparent authority of freely elected community structures… The thieves must be called to justice." (Ground Up n.d.).

The law protects the right to protest in South Africa. In November 2018, the Constitutional Court ruled that the right to protest without fear of arrest or incarceration had to be respected. The ruling came after 21 members of the Social Justice Coalition in the City of Cape Town, who had chained themselves to the railings of the municipal headquarters to protest against the poor state of sanitation and other essential services, were arrested. The judges ruled that the right to protest was "simply too important" to be limited by the need to inform the authorities that a protest was to be held, thus defending the right of people to protest to draw attention to issues such as poor services and corruption (Civicus 2019).

In Tripoli, in August 2020, hundreds of Libyans, including children and teenagers, marched against poor living conditions, shortages of power, water and fuel, and corruption. They demanded that corrupt officials be put on trial. Fayez al-Sarraj, head of the Government of National Accord, during a speech broadcast on the government's official Al-Rasmiya television channel, supported Libyans' "legitimate right" to protest and said he was determined to fight corruption (Africa News 2020).

Sometimes it is necessary for people to demand their rights through protest action

———————

11.5 The role of the media

The media plays a key role in uncovering and combating corruption, and in achieving the transparency and accountability required for integrity. Many journalists worldwide are fighting to reveal, document and combat corruption and integrity failures in urban water and sanitation. In some contexts they put their own personal security at risk by speaking out. The freedom to receive and share information is recognised by article 19 of the UN Declaration of Human Rights, and this is monitored regularly by such sources as Reporters Without Borders.

At a 2015 conference session convened by WIN, HELVETAS Swiss Intercooperation and the Thomson Reuters Foundation identified three key actions for investigative journalism in water and sanitation (WIN 2015):

⟶ Include the voices of many sources from all sides of the story to honour journalistic objectivity and avoid biased reporting.

⟶ Ground the story in deep knowledge of the issue so that news outlets are trustworthy sources of reliable data and perspectives.

⟶ Create opportunities for civic groups to change the political landscape for the common good.

However, access to information differs substantially not from just country to country but within countries. Literacy rates are often significantly higher for men than for women (Wadhwa 2019), and many of the poor do not have sufficient access to internet, TV or newspapers to follow news on integrity failures. National, provincial and community radio stations play a really important role in getting information to the public.

The media should look to build relationships with residents and CSOs in order to play a critical role in supporting residents to hold the water and sanitation sectors accountable; to be able to educate and inform; and to play a brave and honest role in supporting integrity in urban water and sanitation.

Call to action

The importance of integrity in urban water and sanitation

Corruption in water and sanitation in cities is not fundamentally different from corruption in other contexts, but the nature of urban water and sanitation delivery leads to specific challenges. While there are many variations in each national and city context, there are some types of integrity risks that are more common to these urban environments. There are also specific integrity concerns related to the needs of people living in marginalised and under-served communities such as informal settlements. In cities, corruption in water and sanitation has direct impacts on the daily lives and well-being of people, as well as broader financial, economic and environmental costs: it is holding cities back.

Integrity is more than the lack of corruption. It is an aspirational goal where the public interest, honesty and fairness override the personal desire for gain. Integrity in water and sanitation can have real and direct impact on city residents, boost resources for the city, and build urban resilience.

There is, of course, no magic bullet to eradicating corruption. There will always be some people who seek to take advantage and personally benefit if they can. There will always be some people, even in the midst of corruption, who are incorruptible. There will always be those who will go whichever way the wind blows them. The challenge is to hold the first group accountable, and to persuade the third group that corruption is not worth their while.

Become an Integrity Champion!

Over the past two decades the global community has made significant strides in addressing corruption and promoting good governance of all sectors, but this report shows how easy it is to slide backwards in any country, city or organisation. With progress in one place there are setbacks in another. The international community now has decades of systematic experience in developing and applying integrity approaches. There is increasing international commitment and will to take action and, gradually behaviours that were previously acceptable have been defined and legislated as corrupt, even if policy implementation for integrity remains uneven. At the same time, accepted patterns of self-serving neglect and non-action have delayed or reversed progress toward extending the benefits of development to all.

There is growing consensus that corruption and poor integrity practices play a major role in the failure to provide safely managed water and sanitation services to all. Ongoing work is needed to embrace integrity, not only as a framework of rules, but as a personal choice and a shared culture; a process of deep and lasting change. This report refers to a number of toolkits and guidelines to support this process, including the Integrity

Management Toolbox. In this way we hope WIGO2021 can be a resource and tool for change for all the Integrity Champions that are beginning or continuing their journey to protect and strengthen the water and sanitation sectors as islands of integrity.

The starting point is an acknowledgement of the roles of integrity and corruption and an assessment of integrity risks. Building coalitions gives extra impetus. Incremental steps can then be taken to build capacity and strengthen Transparency, Accountability, Participation, and Anti-Corruption.

Water is life, decent sanitation services are critical to a life of dignity and well-being. The challenge to extend water and sanitation services to all is a sacred responsibility of all. It is clear how the challenge of urban water and sanitation looms larger as the urban proportion of the population continues to grow. The governance of cities is multi-layered and complex, and the technology and financing of water and sanitation solutions may be costly. Yet cities provide not only challenges but also opportunities. They concentrate political and economic power, and can showcase innovations of integrity management and excellent service delivery.

Make a difference for your city, become an Integrity Champion!

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