

Water Integrity Forum

Extend the base, Increase the pace

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Lessons learned from the management contract Ghana Water Compagny

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Content

- Short introduction of the project
- Aspects of transparency
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Management Contract 2006-2011
for urban water supply in Ghana
A partnership – in and for – development



Vitens Evides
international

Introduction of the project

- The management Contract sets service standards and targets for 14 topics:
 - Raw water quality
 - Treated water quality and pressure
 - Reduction of Non Revenue Water
 - Customer respons plan
 - Reduction of Customer Accounts Receivable
 - Interruptions and emergency actions
 - Reduction of chemical usage
 - Reduction of power consumption
 - Reduction of public sector water consumption
 - Repairs, rehabilitation and replacement
 - Capacity building
 - Pro poor activity

WHY INTEGRITY

By improving integrity, we'll ensure that there is a sustainable and equitable use and distribution of water, and that this access to water supply and sanitation is safe. In most countries shortcomings are not due to shortage of water resources but due to governance failures, such as institutional fragmentation, lack of coordinated decision-making, corruption and low levels of transparency and accountability.

Introduction of the project

Process	Public-Public	Public-Private	Public-Consumer
Policy making & regulation	<ul style="list-style-type: none"> Policy & regulatory capture on Water Resource Management Collusion for cover-up 	<ul style="list-style-type: none"> Bribery for water permits, Environmental Impact Assessment or pollution cover up 	<ul style="list-style-type: none"> Bribe to silence public protests
Planning & budgeting	<ul style="list-style-type: none"> Distortions in decision on locations, priorities Diversion of funds Falsification of budget 	<ul style="list-style-type: none"> Bribe to influence fund allocation 	<ul style="list-style-type: none"> Denied access to project plan, budget amount
Tendering & procurement	<ul style="list-style-type: none"> Cover up, collusion, favouritism in procurement processes 	<ul style="list-style-type: none"> Kickbacks to influence or secure contracts Collusion for inferior material supply 	<ul style="list-style-type: none"> Distorted information shared about bidding process
Construction phase	<ul style="list-style-type: none"> Approve poor quality construction 	<ul style="list-style-type: none"> Not building to specifications False invoicing Underpayment of labour 	<ul style="list-style-type: none"> Corruption in community based construction projects
Operation & maintenance	<ul style="list-style-type: none"> Ignoring Operation & Maintenance (O&M) 	<ul style="list-style-type: none"> False documents to show O&M undertaken 	<ul style="list-style-type: none"> Bribe for illegal connections

Table 1 Integrity issues across processes in the water sector

Aspects of transparency

BOX 1.1 Common Forms of Corruption

Bribery. Probably the most common form of corruption, bribery is *the giving of some form of benefit to unduly influence some action or decision on the part of the recipient or beneficiary*. Bribery can be initiated by the person soliciting the bribe or by the person offering the bribe. The "benefit" may vary from money or other valuables to less tangible benefits such as inside information or employment.

Collusion. This is an arrangement between two or more parties designed to achieve an improper purpose, including improperly influencing the actions of another party. The most common form of collusion is when bidders agree among themselves on prices and "who should win." This may or may not involve paying bribes to government officials so that they will turn a blind eye to the practice.

Embezzlement and theft. This is the taking or conversion of money, property, or other valuables for personal benefit. It might involve diversion of public funds to one's own bank account or stealing equipment from the utility's warehouse.

Fraud. Fraud is the use of misleading information to induce someone to turn over money or property voluntarily, for example, by misrepresenting the number of people in need of a particular service. A private concessionaire might misrepresent the number of households connected to the sewerage system in order to obtain more favorable treatment from the regulator. A contractor might use substandard materials in construction (with or without paying a bribe to the supervising engineer).

Extortion. Extortion involves coercive incentives such as the use of threat of violence or the exposure of damaging information to induce cooperation. Office holders can be either the instigators or the victims of extortion. Extortion can also take the form of an official threatening to cut off water supply or refuse to certify measurements at a construction site.

Abuse of discretion. The abuse of an office for private gain, but without external inducement or extortion. Patterns of such abuses are usually associated with bureaucracies in which broad individual discretion is created or few oversights or accountability structures are present. Abuse of discretion can also be found in bureaucracies in which decision-making rules are so complex as to neutralize the effectiveness of the accountability structures that do exist. In a situation of water scarcity, abuse of discretion might involve giving preferential treatment to one neighborhood over another.

Favoritism, nepotism, and clientelism. In general, these involve abuse of discretion. However, in these specific cases, the act is governed not by the direct self-interest of the corrupt individual, but by some less tangible affiliation, such as advancing the interest of family (nepotism); a political party; or an ethnic, religious, or other group. These practices occur often in the hiring and promoting of staff. However, they can also take the form of building a new water system in "the minister's village."

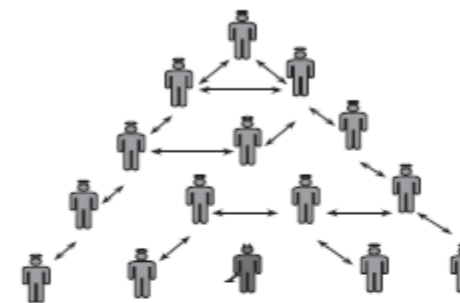
Source: Adapted from Transparency International and UN-HABITAT (2004).

Figure 1.1 Demons, Saints, and the Honest But Sinful



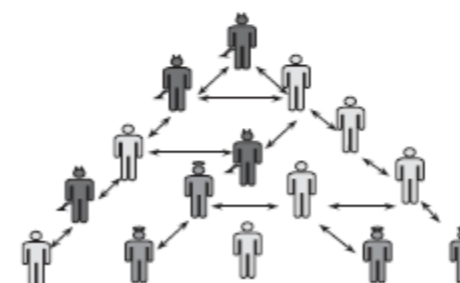
Source: Luis Moreno Ocampo.

Figure 1.2 Individual Corruption



Source: Luis Moreno Ocampo.

Figure 1.3 Systemic Corruption



Source: Luis Moreno Ocampo.

Aspects of transparency

Improving accessibility:

- The power of the strongest
- Scarcity improves private business
- The 'Nestle model': small volumes increased price
- Private connecting as a business

Improving sustainability:

- Black box
- Billing and collection
- Manpower

Improving operations

- Usage of chemicals and materials
- Repair and replacement



Aspects of transparency

Improving accessibility:

- Lowering political interference
- Focus on public access
- Mapping of connections
- Clear procedures for the public

Improving sustainability:

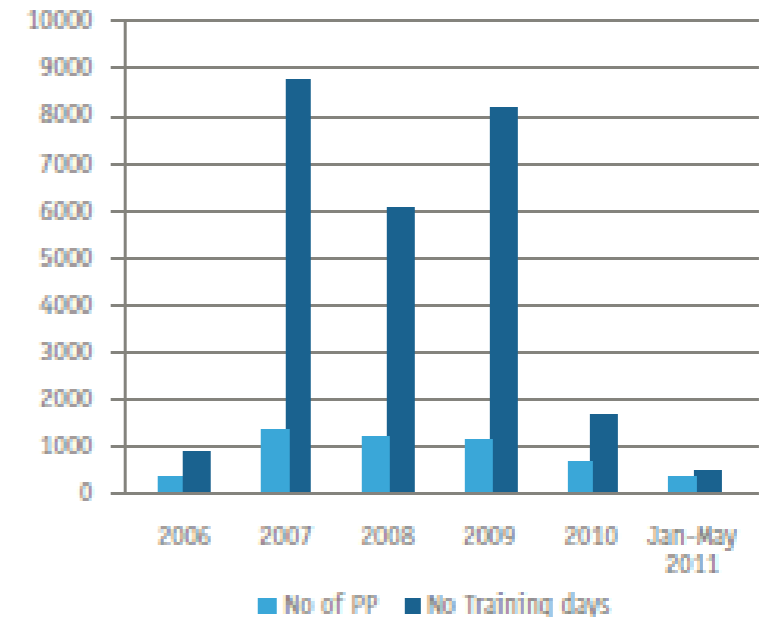
- Planning and control cycle
- Metering of plants and customers
- Restructuring of organizations

Improving operations

- Monitoring tools
- Enforcing repair and replacement



Capacity building



Lessons learned

It takes a village to clean up corruption