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Good practice in addressing corruption in water resource management projects

Query:

Would you have any recommendations or 'good examples' on how to address corruption in water resource management projects?

Purpose:

We are designing a water resource management project in Vietnam. The project aims to improve water management at provincial level, to enhance cooperation between water-related administrative departments (agriculture, construction, natural resource management), to organise awareness-raising activities on water use and hygiene, and to construct a number of infrastructure components (a dam and drainage schemes).

Content:

Summary:

Specific characteristics of water resource management (WRM) make this sector especially vulnerable to corruption. All major forms of corruption are prevalent in the WRM sector, including grand corruption, high risk procurement, state and regulatory capture and the mismanagement of public resources.

Measures to address corruption risks in WRM projects include addressing the sector's diffuse governance system, strengthening institutional arrangements as well as monitoring and oversight mechanisms, and cleaning up procurement processes with the support of awareness raising and capacity building interventions. Transparency and participation are guiding principles for all water governance interventions, with the view to promoting citizen participation through open access to regulatory decisions, information disclosure, public hearing, and the introduction of effective complaint mechanisms and whistleblowing protection.

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Part 1: Corruption Risks in Water Resource Management[1]

Corruption and mismanagement of water resources are leading to an unprecedented crisis in the water sector, with major implications on human lives. Estimates indicate that more than 1 billion people in the world do not have access to safe drinking water, while more than 2 billion lack access to sanitation. Increased competition for water resources, escalating water pollution and overuse are creating major challenges of water scarcity, destruction of ecosystems, soil degradation, and loss of productive lands. Corruption exacerbates these gaps and the global water crisis is largely seen as a governance crisis, referred to in the Global Corruption Report 2008 as a "*crisis in the use of power and authority over water and how countries manage their water affairs*". The World Bank estimates that 20-40% of finance to the water sector is lost to corruption.

Overview of the Causes of Corruption in Water Resource Management

Water Resource Management (WRM) refers to "*all actions required to manage and control freshwaters to meet human and environmental needs*". As such it covers a wide range of interventions, from water governance and management to investment in infrastructure for storing, extracting, conveying and treating water, as well as efforts aimed at protecting ground water and promoting water conservation.

To effectively address corruption in WRM projects, it is important to identify the causes and forms of corruption in the sector. The Global Corruption Report 2008 identifies a series of factors that contribute to making the water sector especially vulnerable to corruption. While most of these factors apply to the water sector in general, they are especially relevant to water resource management projects.

Competition over Control of Scarce Water Resources

Growing water scarcity intensifies competition over water resources at the local, national and global levels, exacerbating the corruption risks that emerge in control over water resources. Factors such as climate change, population growth and economic development affect the stock of available water worldwide. At the local or national level, high demand for water services reinforces the position of a limited number of suppliers, creating conditions in which corruption may flourish.

Large Scale Infrastructure Projects

The water sector typically involves large scale infrastructure projects that are technically complex, capital intensive and difficult to monitor. In addition, water projects are closely linked to other high risk sectors - such as the construction sector - that are particularly vulnerable to corruption with regard to resource allocation and procurement abuses. Large dam construction and irrigation projects are difficult to standardise, making procurement lucrative and manipulation difficult to detect.

In addition, the sector is typically managed by a small number of actors and providers that interact at the interface between the public and private sectors, leading to specific challenges in procurement, tendering and oversight. Very large high value contracts placed in the hands of public officials with large discretionary powers increase the net benefit of corruption and create both incentives and opportunities for corrupt practices. Furthermore, the sector is traditionally concentrated in the hands of large scale monopolies that tend to increase corruption because of supply-demand driven price distortions.

Technically Complex and Cross-Cutting Sector

Water governance is still perceived as a technical undertaking and engineering challenge, with little attention given to the underlying social and political factors influencing decisions about water distribution and infrastructure development. In addition, the large scale and technical complexity of water resource management infrastructure projects such as water storage or inter-basin transfers requires extensive expertise and makes oversight extremely difficult and

[1] The following section is mainly based on the 2008 Global Corruption Report and "Corruption in the Water Sector"

technically demanding. Technical inputs are required on environmental, hydrological and geological, as well as social, legal and financial issues. In many developing countries, public sector authorities are likely to lack the breadth of expertise needed to effectively monitor and oversee such complex and technical projects.

Water resource management projects are also interlinked with complex environmental systems that are, in many cases, poorly understood by both policy makers and the public. These systems may involve the intervention of different and often uncoordinated administrative departments and ministries such as those for health, agriculture, construction, natural resource management, and irrigation.

Dysfunctional Institutional Arrangements

Water governance is spread over countries, sectors and institutions, defying any traditional classifications and leading to major regulatory and institutional challenges. At the international level, water resources often spill over vast border areas, with a number of countries sharing the same resources. Governance of international water basins cuts across borders and government authorities, adding a layer of complexity to effective water governance. These challenges are further exacerbated by weak national and international frameworks for environmental protection, ineffective enforcement mechanisms, limited monitoring capacities, toothless punishment for environmental degradation, etc. These factors make the environmental protection framework unlikely to act as a deterrent to water polluters.

In addition, WRM involves many processes and institutions, different types of private and public actors and many layers of official approval. The enforcement of regulations also faces major challenges of institutional coordination. As water management is an administrative and civil service function, in many developing countries, WRM faces additional challenges of a lack of resources and capacity, low wages, a lack of clear rules and regulations and dysfunctional public institutions.

Large and Uncoordinated Flows of Money

The water sector is estimated to be twice as capital intensive as other utilities. In all countries, WRM requires huge investments and involves large amounts of money, with inadequate planning and oversight. In many developing countries, funding sources for WRM projects lack coordination and decision-making processes are opaque and non-participatory.

Donor funding is a primary contributor of finance to the water sector in developing countries, and decisions on aid modalities are rarely made based on corruption risk management criteria. Donors are also often under considerable pressure to disburse grant and loans, making financial flows vulnerable to corruption.

Limited Civil Society Participation

The technical complexity of WRM projects makes it difficult for civil society and the public at large to develop the necessary expertise to be meaningfully involved in decision-making, monitoring and oversight of water projects. This results in decreased public transparency and asymmetric information flows between the various stakeholders.

In addition, it is especially challenging to mobilise support for reform and find common ground between the wide variety of actors and interests involved. Stakeholders have heterogeneous and sometimes conflicting interests, organisational structures, value frameworks and ways of operating, making coalition-building a hazardous and demanding process.

Forms of Corruption in the WRM Sector

There is little research available that systematically explores specific corruption challenges in WRM. However, major forms of corruption, including grand corruption, state capture, misallocation of public resources, and distorted public sector management are all present in the water sector. With regard to WRM, they typically relate to three major areas of activity: decisions made for water allocation and sharing, the management of water pollution risks and public work and management, with widespread practices of bribery, bid-rigging and

collusion in tendering processes, embezzlement and misallocation of WRM funds, nepotism and buying lucrative positions in a rent-seeking system.

State and Regulatory Capture

The water sector is prone to state and regulatory capture, whereby a handful of influential actors manipulate the decision-making process and enforcement of water policies to favour the interests of a small number of water service providers at the expense of the broader public. In many cases, powerful companies obtain preferential treatment at the policy making level through undue influence in order to evade environmental regulations. This involves bribery for water extraction rights and permits, inter-ministerial collusion to cover up the environmental and social impact of major water projects, collusion with leaders to distort the selection and approval of water schemes, kickbacks to regulatory officials to turn a blind eye on water overuse or pollution discharges, or biased decisions made on infrastructure and water distribution in their favour. Such practices greatly affect the quality and costs of large scale water infrastructure projects and undermine the sustainability of water resources. They may lead to water pollution, overuse and intensified competition for water resources.

High Risk Procurement

Managing water resources involves major investment in infrastructure for storage, extraction, conveyance and control of water. As water projects are complex and difficult to standardise, with natural conditions affecting the technical specifications and quantities of water projects, one of the most frequent and widespread forms of corruption occurring in WRM relates to licensing, procurement and construction. This is exacerbated by the fact that water-related procurement typically involves a relatively small number of public and private actors involved with high potential rewards and rent-seeking opportunities. These factors create favourable conditions for extortion and collusion in awarding contracts, granting permits and concealing sub-standard quality work. As a result, collusion, bid-rigging and favouritism are typical of water related tendering processes, leading, for example, to a group of colluding companies capturing major lucrative construction contracts.

Mismanagement of Public Sector Resources

Misallocation of Resources

At the planning and budgeting stage of water projects, rent-seeking behaviour results in promoting inappropriate types of projects and high cost infrastructure investments because of the opportunities for corruption and illicit enrichment. Bribery is used to influence the allocation of water project funding to higher capital investment projects, favouring investment in expensive technical system projects over low cost, efficiency solutions. Corruption also occurs at the budget implementation stage of water projects, with practices such as fraud, falsification of accounts, embezzlements, or diversion of funds by individuals. In intra-governmental transactions, public officials may collude to conceal negligence, misconduct, public account manipulations and delays.

Buying profitable positions

Water-related projects offer many possibilities for personal enrichment and extortion, due to the numbers of necessary official approvals, the large amounts of money at stake, and various risks of delays and overruns. Officials can resort to bribery to buy lucrative positions, transfers or promotion, with the most desirable positions involving frequent contacts with contractors and material suppliers. As a result, a system of cronyism, nepotism and political favours often drive appointments, promotion and transfers within water-related public bodies.

Part 2: Best Practices in Addressing Corruption Risks in Water Resource Management Projects

Good practice primarily focuses on preventing before cleaning up corruption in the water sector, as the impact of corruption on the quality and availability of water resources is often irreversible. Anti-corruption measures include promoting transparency, participation and accountability through increased access to information, strengthening monitoring and oversight mechanisms, and cleaning up procurement processes with the support of awareness-raising as well as capacity-building interventions.

Transparency and Participation

Cutting across all anti-corruption measures is the need to introduce effective mechanisms to promote more transparency and participation in the management of water projects. The World Bank states that many anti-corruption programmes that have a track record of success focus on increasing transparency of decision-making and involve beneficiaries in policy making and oversight. (Please see "Strengthening World Bank Group Engagement on Governance and Anticorruption"). Transparency and participation initiatives aim at giving citizens and beneficiaries access to information in order to empower them to participate in development policies as well as monitor policy making, project design and implementation. This can be achieved through the formation of multi-stakeholder coalitions, including government officials, regulators, water utilities, private sector and civil society, as illustrated by the recent example of setting up the Water Integrity Network (WIN), a network to combat corruption in the water sector. (Please see: http://www.waterintegritynetwork.net/).

Transparency

Effective information management, including improved transparency, information disclosure and access to information is the corner stone of public accountability and transparency. Improving information disclosure policies and transparency of operations is a prerequisite to promote increased supervision capacity, improve project monitoring, as well as foster public oversight of development projects. Holding public hearings by regulators can also support greater transparency in decision-making. Transparency approaches require complete and regular disclosure/publication of project information, utility accounts, procurement, public expenditure reviews and audit information, as well as public access to data on aid input, debt and rationale for public investment choices.

Such initiatives can also involve measures aimed at putting the spotlight on corrupt transactions, firms or environmental polluters. This has been implemented with promising results in the water sector. In China, for example, the Institute of Public and Environmental Affairs in Beijing launched in 2006 the "China Water Pollution Map", which is a public, searchable, online database of water pollution by more than 2,500 polluting firms, including foreign companies. Similar shaming initiatives have been implemented elsewhere, such as the "Toxic Release Inventory" in the United States, which has led to major reductions in environmental pollution.

Donors and financial institutions can support such approaches by adhering to proactive information disclosure and consultation for the WRM projects they finance, publicising their anti-corruption policies and enforcing effective sanctions against corrupt employees and contractors.

Participation

But transparency without empowering all stakeholders - including the poor and women - to participate at all stages of decision-making and implementation processes is unlikely to make water services more accountable and responsive to the needs of citizens. Increased transparency must be matched by greater opportunities and support for citizens to participate in decision making and monitoring, as well as measures aimed at strengthening independent oversight of water services.

Participation mechanisms must be accompanied by awareness-raising and capacity building initiatives to ensure that beneficiaries are empowered to play a meaningful role in the management of water resources, from the design to the implementation and supervision of WRM projects. The introduction of effective complaint mechanisms supported by adequate whistleblowing protection is an important component of any intervention aimed at promoting meaningful citizen participation in development processes. A U4 Expert Answer has specially dealt with good practice in introducing effective anti-corruption complaints mechanisms.

There are examples of participatory initiatives that have made a significant difference in the outcome of development projects, including the management of water resources.

In India, for example, research shows that, in the early stages of the watershed management programmes that were launched in the 1970s, financial leakages were of the order of 30-45% of approved amounts, with overestimation of costs by at least 15-25%. The government managed to reduce financial leakages to 20-35% of approved amounts by measures aimed at

involving citizens in project implementation, devolving funds to a village body and issuing new financial guidelines. This was largely achieved because beneficiaries became more aware of how much money was received and for what purpose.

One of the best-documented participatory approaches to development projects – including water schemes – is the Kecamatan (Sub-district) Development Program (KDP), in Indonesia. The major innovation of the programme was to develop a transparent method to provide project funds directly to villagers. Later in 2001, when Indonesia decentralized its governance structure, the KDP provided support in building local level capacity for governance. KDP aimed at bringing development decision-making to the grass-roots level in tens of thousands of poor rural communities across Indonesia. The program enabled rural communities to decide how to improve their livelihoods, build appropriate infrastructure, provide health care and education services and build effective local government and community institutions. Flexible grants were channelled straight to the communities to finance activities that villagers define as the most important, with the support of trained local facilitators to provide technical assistance. Besides providing better basic infrastructure, successfully targeting poverty and empowering local communities, this approach resulted in lower construction costs – KDP's construction costs are routinely 30-50% lower than conventional approaches and quality is assessed as 'good to very good', with independent audits showing that the loss of funds through corruption is lower than 1%.

The Role of the International Community

The international community also has an important role to play in promoting integrity and accountability in the water sector.

For donors, the first step consists in identifying corruption risks while making a decision on the appropriate form of assistance that will be provided or when selecting and designing WRM development projects. Corruption risks should be explicitly addressed in project appraisal, preparation and evaluation reports. This assessment should not only discuss how the project may be affected by corruption, but also how to address this risk, including an action plan for high risk projects. Corruption risk mapping could ideally use participatory assessment tools that engage representatives from communities and other stakeholders that will be affected by the project. Measurement systems that allow benchmarking to monitor progress and that can be used to raise awareness should be prioritised to conduct such mapping exercises.

Donors should also take the necessary actions to promote and implement their own policies on transparency, participation and anti-corruption. They can, for example, introduce anti-corruption clauses in all cooperation agreements, train their own staff to put these policies into practice and communicate on related activities and progress made.

They should adhere to the highest standards of information disclosure and consultation for all WRM projects they support, put in place adequate monitoring mechanisms and enforce effective sanctions against corrupt employees and contractors. Monitoring of anti-corruption programmes and activities should not exclusively rely on international staff but also on local monitoring to address both ownership and sustainability concerns. (Please see: Designing an Embassy Based Anti-Corruption Plan).

Adequate Planning

Participatory diagnostics and planning

The first step consists in basing all WRM interventions on an in-depth analysis of the local water context. This includes developing a sound understanding of the conditions of supply and demand for water services, the key actors and service providers involved, the existing infrastructure and governance systems in place, local interdependencies and environmental dynamics, as well as the underlying social and political factors and incentives that are likely to influence decisions about water distribution, infrastructure development and maintenance.

Based on a participatory assessment of the local conditions, broad stakeholder consultation and citizen participation are key to bring the planning process close to communities and to ensure that WRM projects are transparent, inclusive and responsive to the needs of the people they are supposed to serve.

Simple technological solutions

Project design and technologies used should be kept as simple, practical, and relevant as possible, favouring low-cost solutions over complex and capital-intensive technical solutions, both to reduce corruption opportunities and promote project sustainability. This will also help decrease asymmetric information flows, the discretion of individual actors and provide greater opportunities for public participation in monitoring and oversight.

Strengthening Implementation - Institutional Arrangements

At the implementation stage of WRM projects, corruption can be tackled through measures aimed at improving accountability through water sector restructuring and organisational changes, strengthening deterrence, monitoring and oversight of projects, capacity building, and personnel management reforms.

Clarification of Responsibilities and Simplification of Procedures

Given the diffuse governance of the water sector, an important step consists in clarifying responsibilities of the various agencies involved, by introducing reforms addressing the complexities and ambiguities of country policies, regulatory and institutional frameworks. Decentralisation is also referred to in the literature as a way to address governance issues in the water sector - particularly in areas of organisational and financial management - as they offer opportunities to introduce formal mechanisms for public participation and transparency in decision-making processes.

Within this framework, integrated water resource management (IWRM) promotes the coordinated management of water resources, calling for the cooperation of traditionally independent agencies such as those responsible for water, land, environmental protection, education, health, etc. IWRM pursues three major goals, including environmental and ecological sustainability, economic efficiency in water use and equity and participation. IWRM measures typically involve the establishment of appropriate institutions, integrated planning, a system of formal water rights, cost recovery and water pricing, market-based mechanisms for water reallocation and better environmental protection.

However, the potential of IWRM to prevent corruption has not yet been clearly established, as it introduces complexity and additional administrative layers that may provide further opportunities for corruption. To effectively address corruption risks, IWRM must be accompanied by capacity building measures among traditional institutions and regulatory bodies, well resourced and transparent administrative systems, and the introduction of appropriate systems of checks and balances, including citizens' complaints mechanisms. Further measures include strengthening implementation agencies, formalising intra-governmental decision-making processes, technical training to detect irregularities, peer controls and so on. (GCR: Can IWRM Prevent corruption?).

Addressing corruption risks also involves improving internal procedures such as contract management, addressing monopolistic and uncompetitive systems, and simplifying systems of approval to avoid unnecessary delays that breed corruption and a lack of transparency. Implementation strategies should be known and agreed upon by all stakeholders, while information regarding plans, designs, reports and accounts should be simplified and standardised so that they can be understandable and circulated to all stakeholders.

Deterrence

Deterrence is a key element of anti-corruption strategies with a view to increasing the risk of engaging in corrupt behaviour. Organisations must have a clear policy and detailed sanctions against staff and contractors against whom evidence of corruption has been uncovered. Credible sanctions against firms, individuals or public officials whose engagement in corrupt practices is proved must be clearly defined, announced and enforced. These sanctions may include internal disciplinary measures against staff involved in fraud and corruption, as well as increased penalties and losses for corruption, debarment, judicial proceedings, fines and so on. Possible sanctions should be made public and widely disseminated to all staff members, partners, and stakeholders.

Strengthening Monitoring and Oversight

Deterrence must be supported by effective enforcement of regulations by strengthening monitoring and oversight mechanisms such as oversight committees, ombudsman offices, complaint offices, etc. Participatory monitoring and oversight mechanisms are promising approaches, including independent auditing, transparent access to public accounts, as well as whistleblower protection that encourages employees to report illicit behaviour.

An example of successful involvement of citizens in environmental monitoring and protection is the experience of the Watershed Organisation Trust in Maharashtra, India. The Trust developed an approach based on participation, transparency and accountability, to promote participatory monitoring of watershed projects. The organisation established self-help groups for local villagers and facilitated participatory impact monitoring and peer group reviews, where villagers visited watershed projects to compare experiences and information on performance. In addition to improving the outcome and performance of local water schemes, the initiative contributed to empower community members to effectively interact with officialdom.

Monitoring payments, payment time and costs on a periodic basis with civil society involvement in public expenditure management can also help ensure accountability of all actors. Unannounced value-for-money evaluations, or audits of selected projects conducted at random, are also a way to uncover abuse and fraudulent practices. They may also help to identify system weaknesses and evaluate the overall quality of internal control systems.

Communication

Development communication can also support the process and help address corruption vulnerabilities with the view to promoting the integration of anti-corruption measures into WRM project preparation and implementation. Effective project communication can enable more inclusive and informed decision making at all stages of the project cycle. It can contribute to promote concerted stakeholder engagement in WRM planning and implementation, mobilise public support for reform, build consensus on competing needs of the various actors, promote partnership approaches and ensure timely information access and sharing. This can include expanding and generalising the use of information technology for WRM (Please see: Standards for Communication and Governance in infrastructure Projects).

Capacity Building

There are many opportunities for abuse when public officials are less technically competent than the international contractors involved in large WRM infrastructure projects. Capacity building and training for regulatory staff can make regulatory capture less likely, with improved technical know-how and controls that decrease asymmetric information flows and the discretion of individual actors. WRM staff should also be trained on the causes and consequences of corruption through education, training, and awareness raising activities. WRM institutions must also be provided with adequate human, financial, technical and administrative resources to perform their mandate. Capacity building measures may include training in negotiation techniques, technical education, higher salaries and whistleblower protection.

An example of capacity building initiatives is the planned Water Integrity Network WIN pilot trainings on capacity development, including a Training of Trainers meeting following the IRC training workshop on “Preventing Corruption in Water” in The Hague on 24 and 25 September 2009 targeting water practitioners. (http://www.waterintegritynetwork.net/page/2716/).

Similar initiatives have recently been conducted, including a training workshop on promoting integrity in WRM that took place in Cape Town in May 2009. A training manual was developed by the World Bank Institute and TI on improving Transparency, Integrity and Accountability in Water Supply and Sanitation which was piloted in Honduras and Nicaragua. This presented case studies to address corruption in the water sector, as well as guidance to design and implement an anti-corruption action plan. (http://media.transparency.org/fbooks/reports/water_supply_sanitation/). Cap-Net - an international network for capacity building in IWRM - is another important actor specifically focusing on capacity building issues in WRM worldwide. (http://www.cap-net.org/).

Improved Human Resource Management

Increased public sector capacity should be accompanied by measures aimed at professionalising and improving public sector human management resource systems, promoting merit based appointments, promotion and transfer management systems. Ethical standards can also be promoted among governmental officials and other stakeholders through the introduction of codes of conduct, business principles, integrity pacts and whistleblower policies.

An example of successful reforms involving staff-related management issues that may be relevant to the situation in Vietnam is the Phnom Water Supply Authority in Cambodia. The government-owned water supply system was plagued by inefficiencies, water theft, deteriorated infrastructure, and demoralised and underpaid staff. With the support of external agencies, the authority has been transformed over a couple of years into an efficient, self-financed and autonomous organisation. In addition to rehabilitating the distribution network, the organisation's workforce was streamlined. Higher management was given greater responsibilities, staff salaries were increased, and a system of incentives was introduced, with a merit based promotion system. (Please see: http://media.transparency.org/fbooks/reports/water_supply_sanitation/).

Tendering Processes

Preventing corruption in the water sector involves improving management policies and practices, with a special emphasis on financial and procurement rules. These measures include promoting stricter standards, coherent rules and increased supervision with regard to disbursements, competitive bidding, and contract implementation.

Promoting stricter standards for public contracting involves introducing clear rules, transparency and effective control and auditing procedures throughout the contracting process. More transparency in the selection of consultants and contractors can be promoted by providing all bidders and the general public with easy access to information. This can be achieved through a more systematic use of the internet for tendering, with a view to minimising contacts between public officials and tendering firms. Tendering companies can be required to implement a code of conduct that commits its employees to a no-bribe policy. Debarment procedures for bidders who have engaged in fraud or corruption can also have a deterrent impact, including creating lists of contractors known for their integrity or dishonesty, and blacklisting contractors who deliver substandard quality work. (Please see: TI's Minimum Standards for Public Contracting).

Ensuring fair competition for and accountable implementation of water contracts can be promoted through due diligence and the implementation of tools such as integrity pacts and TI's Business Principles for Countering Bribery (BPCB). These tools have proved to be promising approaches to contain corruption in water-related procurement processes.

A successful example of such an approach in the water sector has been the experience of the TI National Chapter in Colombia. The Chapter facilitated the signature of a sectoral anti-bribery agreement between 11 water pipe manufacturers accounting for 95% of the national market and 100% of the bids in public tenders for water supply and sewer systems, based on the BPCB. The agreement includes the adoption of a general anti-corruption policy in companies as well as guidelines for the various types of corrupt practices including issues of pricing and purchasing, distribution and sale schemes, internal controls and audits, human resource management and protection of whistleblowers. Since the signature of the agreement in December 2005, it is estimated that tender prices decreased by approximately 30%. (See: Corruption in the Water Sector).

A similar approach was adopted in the Greater Karachi Water Supply Scheme in Pakistan, with the implementation of an integrity pact. Integrity pacts involve an agreement between a government and all bidders for a public sector contract that neither the government nor the contractor shall pay, offer, demand, or accept a bribe or collude with competitors to obtain the contract. Bidders are also required to disclose all commissions paid to anyone in connection with the contract. The agreement led to intensified competition and the awarding of contracts at an average of 16% below the estimated cost to the public. (Please see: The role of Transparency International in Fighting Corruption in Infrastructure).

Effective approaches to combat corruption in large infrastructure projects can be supported by mobilising support for reform through the building of comprehensive networks of actors from the local, regional and international level and all spheres of societies. Multi-stakeholder initiatives such as the Construction Sector Transparency Initiative (CoST) (http://www.constructiontransparency.org/) further reflect this concern, and seek to enhance the accountability of procuring bodies and construction companies by engaging the wide range of stakeholders that are typically linked to publicly financed construction projects.

Part 3: Further Reading

Global Corruption Report 2008: Corruption in the Water Sector

Transparency International's *Global Corruption Report 2008* demonstrates in its thematic section that corruption is both a cause and catalyst for the water crisis, which is likely to be further exacerbated by climate change. Corruption affects all aspects of the water sector, from water resource management to drinking water services, irrigation and hydropower. In this timely report, scholars and professionals document the impact of corruption in the sector, with case studies offering practical suggestions for reform. http://www.transparency.org/publications/gcr/gcr_2008#open

Setting Standards for Communication and Governance: the Example of Infrastructure Projects (World Bank 2007)

This paper outlines a number of practical initiatives to strengthen the role of development communication in infrastructure projects. The authors aim to facilitate better quality projects and build consensus on the type of governance reforms needed to fight corruption, drawing on the experience of development agencies, the World Bank and Transparency International.
http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2007/08/10/000011823_20070810125218/Rendered/PDF/405620Setting018082137169501PUBLIC1.pdf

Corruption in the water sector: causes, consequences and potential reform (2006) Swedish Water House

The malice of corruption in the water sector has only recently been identified by policy makers and researchers. There is an eminent need to deepen understanding of the scope and nature of the problem and several knowledge creating initiatives are already underway. This policy brief aims at capturing the current level of knowledge within the water sector and at identifying key areas for further knowledge generation and policy development.
http://www.siwi.org/documents/Resources/Policy_Briefs/PB5_Corruption_in_the_water_sector_2006.pdf

About Corruption and Transparency in the Water and Sanitation Sector (IRC 2006)

There has been relatively little work to enhance honesty and transparency and reduce corruption specifically in the water sector. While there have been effective initiatives, these seem to remain isolated examples of good practice. This paper is a brief overview of issues, approaches and information resources. The second half of the paper provides entry to the rapidly growing literature on corruption, transparency and honesty in the WASH sector.
http://www.irc.nl/content/download/28609/300008/file/TOP16_Transp_06.pdf

The role of Transparency International in Fighting Corruption in Infrastructure (2006)

This paper sets out the experience of Transparency International (TI) in fighting corruption worldwide in infrastructure, particularly in the construction, electricity, telecommunications and water sectors. It focuses on identifying the sources of corruption in each sector and the available toolkits (best practice) for combating it. The paper highlights the importance of forming inclusive multi-stakeholder approaches to fighting corruption, including government, regulators, utilities, the private sector and civil society organizations (CSOs) and uses, as an example, a recent initiative to set up a network to combat corruption in the water sector.
http://siteresources.worldbank.org/INTDECABCTOK2006/Resources/OLeary.pdf